

Choosing your Student Account

Author: Tim Dickinson<tim@studentbanker.co.uk>

Most students will have had some form of bank or building society account while they were at school, and a savings account or basic bank account would have been all that was needed. However, as you move into the next more independent stage of life, you need different things including a debit card, an overdraft and often a credit card.

Banks and building societies make plenty of offers for free CDs, railcards and much more in order to entice students to get an account with them, as most students stay with the bank they sign up with at this stage into later life when you begin to earn real money. However, contrary to popular belief, the basic offers from the banks, from interest rates to overdraft availability, vary wildly and it is worth checking out the financial offers before being wooed by the freebies.

Financial Comparison Points

- **Overdraft.** This is a key feature of any student account, especially with the rising tide of student debt. Banks offer students varying amounts of interest free overdraft ranging from £1000 to £2000, and also have vastly different rates on the amount they charge you if you go over this amount.
- **Debit Card.** Debit cards (normally showing the VISA or MasterCard logos) let you withdraw cash at cash machines (some banks charge you to do this at machines), and buy items in shops and over the phone/internet, and are so a lot more useful than the standard cash cards offered with some standard current accounts.
- **Credit Card.** Credit cards differ from debit cards in that they are basically a loan from the bank, so if you buy a DVD for £20 on a credit card, the bank loans you the money, and you have to repay them. Some credit cards offer an interest free period where you have a few months to repay the bank before they charge you interest, others charge immediately. Credit cards also normally offer some form of fraud protection, so are often good to use when buying expensive items or anything over the internet or by phone.
- **Interest Rates.** The interest rates offered on money you have in your account range from around 0.1% to 3%, so is certainly an area of vast variation, and something to look at if you are earning and expect to be in credit for your university career.
- **Access and Advisors.** Specialised student financial advisors are offered to students by many banks to help you with any financial troubles, and bank opening times as well as phone and internet banking options are normally offered and do help when you start having to pay bills.
- **Free Banking.** Make sure that you don't have to pay any fees or costs for normal banking such as withdrawing money, paying bills over the phone, or checking your balance over the internet, as banks do offer premium accounts which you have to pay to get access to.
- **Branch Location.** Make sure that there is a branch of your bank near to your university accommodation or flat, as if you are having financial problems, talking them over with a student advisor in person is normally the quickest route to a solution.

Incentives (Freebies)

- This should be the last priority when choosing an account, but is useful when you are having trouble deciding between a couple of options. The banks know that £50 cash and discounted CD's will get your attention, and rightly so, but don't let that be the only reason for choosing that bank.

After taking the time to compare all the banks' offers looking at the points above, you should be ready to open an account with the bank that best fits your personal needs, and help you through university and beyond.