**BBC Sounds - Understand: the economy**

[Understand - The Economy - The Economy: 2. Interest Rates and Mortgage Rates - BBC Sounds](https://www.bbc.co.uk/sounds/play/m001dx5l)

**2: Interest rates and mortgage rates**

Why does the interest you pay on your credit card, or your mortgage rate go up and down? What’s the Bank of England got to do with it all? In this episode, Tim Harford explains why the banks need to charge you interest when you borrow money and explains why the Bank of England might put interest rates up. Economic historian Victoria Bateman tells us why the Bank of England first lent money to the government. Spoiler alert…. It was to wage war.

Define interest rates.

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Why do banks charge interest?

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Why are interest rates for borrowers higher than those for lenders?

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Why is it called an interest rate?

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Why does risk impact on the rate of interest that borrowers face?

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How does the Bank of England’s interest rate (Base rate) impact on the rates charged by high street banks e.g., Barclays?

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Why do high street banks issue bonds? How does this impact on interest rates?

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When and why was the Bank of England established?

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How did the role of the Bank of England change in 1946?

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How does the Bank of England influence inflation?

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Keep abreast of UK and global interest rates here:

[Interest Rate - Countries - List (tradingeconomics.com)](https://tradingeconomics.com/country-list/interest-rate)