



A Registered Charity - Number 1095705

FINANCIAL GLOSSARY



GLOSSARY

BAILIFFS

A bailiff is someone who collects a debt on behalf of the person who is owed money.

BALANCE

The amount of money in your bank account.

BANK LOAN

Banks lend money to customers for things like paying for cars, holidays or home improvements. These loans can be called personal loans. For someone to get a bank loan they need to be at least 18 years old.

BANK STATEMENT

A bank statement is information sent from the bank about transactions. They show the amount of money that has been paid in or taken out of the bank account. Mini statements come from ATMs (cash machines) and show the balances and recent transactions.

BUDGETING

This is looking at the money you expect to receive and the money you expect to be paying out. This helps people know how much money they have and where it is all going and coming from.

CAPITAL

Money that has been either invested or borrowed.

CHEQUE

A cheque is a piece of paper that instructs the bank to give a specific amount of money from your account to another person or company. You can pay for goods/services by a cheque. When you are 16 you can ask for a cheque book which contains blank cheques that have your name and personal details on them so you can fill them in. But, cheques are usually only valid for six months from the date written on the cheque.

CONTRACT

A written agreement. In housing terms; agreeing a cost of the property and what comes with it e.g. carpets and curtains.

CREDIT CARD

A plastic card which lets you buy things immediately then pay for them later. There is an agreed limit on the amount you can borrow, and the time that the money should be repaid. To get a credit card you must be at least 18 years old.

CREDIT RATING

This is a rating system used by banks to judge an individual or company's credit worthiness, which tells them whether you will be reliable to pay back a loan for looking at whether you have paid off previous loans. Depending on your financial history and personal details the bank will either reject or except your claim.

CURRENT ACCOUNT

A current account is a bank account where you can withdraw money immediately. You earn less interest than you would in a savings account. A current account is the best account when paying and withdrawing money regularly.

DEBT

An amount of money owed to a person or company.

DEPOSIT

Money put into an account.

INTEREST

Interest is paid by a bank on savings placed in it. But if you borrow money from the bank you have to pay interest on what you've borrowed.

INTEREST RATE

The percentage paid on every £1 saved or borrowed.

MORTGAGE

A loan to help you buy property. However, the bank can sell the property if the loan isn't paid back.

OVERDRAFT

This is an agreement with your bank to allow you to spend more money than you actually have in your account. But, they charge for this service of borrowing money. You have to be aged 18 or more to take out an overdraft. An agreed overdraft is the limit up to the account holder can borrow from the bank, when there is no money left in his/her account. You shouldn't exceed the agreed limit to avoid excess bank charges.

PIN

PIN is your Personal Identification Number. It is a four-digit number that you enter into your ATM (or cash point) when you want to take out cash, and you use to pay with your chip and PIN card. You never give this number to anyone, or write it down.

SAVINGS ACCOUNT

A savings account is an account with a bank or building society in which you save money. This account earns more interest than a current account, but you may have to give notice before withdrawing money. A savings account is often the best account to have if you won't be withdrawing money regularly.

TERM

A term is the number of months the bank give the customer to pay the money back by.