



Content Vocabulary: Personal Finance

BANKING SERVICES

APY (Annual Percentage Yield) – The true or effective rate of interest when compounding is taken into effect

ATM (Automated Teller Machine) – Electronic terminals located on bank premises or elsewhere, through which customers of financial institutions may make deposits, withdrawals, or complete other transactions as they would through a bank teller

Canceled check – Checks the bank has processed

Cash machine – See ATM

Cashier's check – A check written by a bank on its own funds in exchange for payment by an individual

CD (Certificate of Deposit) – A time certificate representing a sum of money deposited for a set length of time, such as six months

Checking account – A banking service wherein money is deposited into an account and checks are written to withdraw money as needed

Commercial bank – An institution which accepts deposits, makes business loans, and offers related services

Compound interest – Interest earned on both principal and interest

Credit union – A member-owned and controlled not-for-profit financial cooperative that offers a variety of savings and lending services to members

Debit card – A card, issued by a financial institution, which allows consumers to make purchases, withdrawals, or other types of electronic fund transfers directly from checking or savings accounts

Direct deposit – The deposit of funds directly into a bank account as a form of payment

EFT (Electronic Funds Transfer) – Transferring funds electronically rather than by check

FDIC (Federal Deposit Insurance Corporation) – Provides deposit insurance which guarantees checking and savings deposits in member banks up to \$250,000 per depositor

Fees – A pre-determined amount of money for a service performed

Finance company – A company that makes loans to businesses and/or individuals

Money market account – A bank deposit that pays interest and that allows a saver to withdraw money at will, often by writing checks

NSF (Not sufficient funds) – a check written without sufficient money in an account to cover it

Overdraft – A check written without sufficient money in an account to cover it

POS Terminal – A point-of-sale terminal serves as a computerized cash register; it can track orders, accept credit cards and debit cards, and keep inventory, among other things

Reconcile – Adjusting one's checkbook balance to match one's bank statement

Savings – The process of setting aside money until a future date instead of spending it today.

The goal of saving is to provide funds for emergencies, short-term goals, and investments

Savings & Loan – Financial institutions that provide loans and interest-bearing accounts.

Accounts in federally chartered S&Ls are federally insured

20/10 Rule – One should never borrow more than 20 percent of one's yearly net income, and payments should not exceed 10 percent of monthly net income

3 C's – Used by creditors to measure the credit-worthiness of potential customers, the three C's are: capacity, character, and capital