

FINANCIAL FITNESS: **LEVEL UP**

BANKING 101: GLOSSARY

APR	Annual Percentage Rate, or the amount of interest and fees chargeable in a 12 month period for a debt/loan.
Available Balance	The amount in your bank account that is available for you to spend. This takes into account any recent transactions that are yet to clear such as debit card spending.
Balance	The actual total amount held in your bank account at that time. There may be transactions that have not yet cleared so it is also important to check the available balance.
BACS (electronic transfer)	An electronic form of one-off payment that goes direct from one account to another. Can often be used to pay salaries.
Bank charge	Financial institutions can have strict rules for using some of their products. If you fail to meet these then they can give this as a charge.
Bank statement	A written summary of your income and spending over a fixed period of time.
Budget	A way of planning for the money you have coming in and going out.
Cash card	A plastic card which allows you to withdraw money from an ATM. This is usually linked to your current account.
Credit card	A plastic card providing revolving credit up to a certain limit. It is used as a method of payment.

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Credit union	Non-profit making organisations set up to provide saving and borrowing facilities to local communities.
Current account	The most common type of bank account which allows you to do your everyday banking.
Debit card	A plastic card that can be used to purchase goods and services. The money spent will come straight out of your bank account.
Direct debit	Authorises an organisation to collect money from your account, usually on a specific date, allowing you to automate paying bills such as utilities, gym membership etc.
Interest	The reward paid for saving money, and the 'cost' of borrowing money.
Internet banking	A method of banking which allows you to access your bank accounts online. You are able to make payments, transfer money and apply for certain financial products.
ISA	An Individual Savings Account allows you to save a fixed amount of money tax free each year. This is not available for residents of the Channel Islands or Isle of Man.
Joint Account	A bank account shared by more than one person with equal rights in how it is used.

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Mortgage	A financial product that enables many people to borrow the money needed to buy their own home.
Overdraft	A borrowing facility on your current account that, with agreement from the bank, allows you to spend more than you have in the account.
Standing order	An instruction to pay a specific amount from your bank account to another person's account.
Statement	A document received from your bank or building society showing all of the transactions on your account for that month.
Two factor authentication	Where two forms of identification are required to access mobile banking eg password and fingerprint.
Unauthorised overdraft	Occurs when you have withdrawn more money than you have in your account if you have no overdraft facility agreed, or you have taken out more than your authorised overdraft limit without agreement from the bank. Unauthorised overdrafts are often subject to charges and fees which can be very expensive.