MONEY TERMS

Account: Your account is the relationship you have with a bank or any other business. It's also a record of that relationship. Click for more information about checking or savings accounts.
Activity: Anything that happens in your account, including deposits, withdrawals, checks paid, interest payments, and service fees.
Advertise: To let people know about a product or service so that they will want to buy it
Amortize: This is what happens when a loan is paid off. An installment loan is amortized by equal payments over a period of time.
Annual Percentage Rate: The interest paid on a loan or deposit over one year.
Balance: The amount of money in an account, especially after an activity, such as a withdrawal or an interest payment. For loans, the balance is the total that you still need to repay.
Basis Point: 1/100th of a percentage point, or 1/10000th. When the Federal Reserve changes interest rates, you may hear someone talk about "25 basis points" or "50 basis points."
Bills: Requests for payment for services or items that you have already received.
Borrow: To get money from someone to use now, with an agreement to pay it back later.
Bounced Check: A check that the bank returns because the person who wrote it did not have enough money in his or her account to pay it.
Budget: A plan for earning, spending and saving money over a given period of time.
Bullion: Gold or silver in bar form.
Capital: The valuable things, including cash and equipment, that belong to a business.
Check: A piece of paper that transfers money from the check-writer's account to the person being paid, in place of cash.
Collateral: Something valuable that you promise to give the lender if you can't repay a loan.
Compound Interest: Interest that is paid or charged on interest that has already accumulated. With compound interest, your savings account earns interest on your original deposit and on the interest it has already earned.
Contract: A written agreement between two or more people that describes some kind of trade of work or goods for money.
Counterfeiting: Making an illegal copy of something valuable, like money, and pretending that it is real.
Credit: Money that is due to someone, or money that is added to an account. In accounting terms, the opposite of debit.
Credit Card: A plastic card, issued by a bank, that allows people to buy things without cash. Money spent on a credit card is a short-term loan from the bank, and credit card users must pay the money back overtime.
Currency: The physical form of money, or cash.
Debt: Money that is owed to someone after a loan is made.
Debit: Money that someone owes, or an amount that is subtracted from an account. In accounting, the opposite of credit.
Deposit: Money put into a bank account.
Entrepreneur: Someone who creates a business to meet an opportunity or need; an independent, creative businessperson.
Fee: The price charged for a service.
Finance Charge: The fees lenders charge for borrowing money, including interest, application fees, and service fees.
Fixed Costs: Costs a business must pay, such as rent, that do not change no matter how many customers the business has

Income: Money you receive.
Installment Loan: A loan that you repay with several payments, over a period of time. Car loans and mortgages are both types of installment loans.
Interest: The fee for using money, usually a set percentage of the money. In savings accounts, the bank pays the saver interest; in loans, the borrower pays the lender interest.
Investing: Money spent to make more money. Investments in a business are called capital. You can invest in a business by buying stocks. Investing can be risky, so you should make sure you know a lot about anything you invest in.
Loan: Money given to someone with the understanding that it will be paid back, usually with interest.
Minting: Making money by stamping metal, to create coins.
Mortgage: An installment loan made on a house. The house is collateral for the loan, so if you can't repay a mortgage, the lender can repossess your house.
NSF: An abbreviation for "Not Sufficient Funds." A fancy term for a bounced check.
Payee: The person or company you write a check to.
Percentage: A fraction of something, always divided by 100. One percent is 1/100th, ten percent is 10/100ths, and so on.
Period: The amount of time used to figure interest and record activity, usually one month.
Principal: An amount of money before interest is added. For a loan, it is what you owe before finance charges; for a deposit, it is the amount of money before you earn interest.
Profit: The money left over after you pay your bills, or income minus expenses.
Register: The record kept of all transactions.
Repossess: When a lender takes back something, like a car or a house, because the borrower can't repay the debt for it.
Revolving Credit: A kind of loan, like a credit card, that lets you borrow and repay money gradually, instead of all at once.
Simple Interest: Interest that is paid only on principal, and not on the extra interest earned.
Transaction: Any change or activity in your account, such as a deposit or withdrawal.
Transfer: Moving money from one account to another.
Withdrawal: Taking money out of an account.
Variable Costs: Costs a business must pay that change, depending on how many customers the business has.
Yield: The amount of money you earn on an investment, figured as a percentage of the amount you invested.

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