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US28088 Credit and Debit Glossary

Term	Definition
cultural obligations	Responsibilities or duties that have cultural significance.
credit card	When you use a credit card, you are spending money that you don't have. The bank lets you borrow money up to an agreed amount to pay for things, but you have to pay the money back within a set amount of time. If you don't pay it back before the deadline, the bank will charge you interest.
interest	Interest is the extra money that you have to pay when you have a debt. It is usually a percentage of the amount you have borrowed and is charged at regular intervals, for example, every month. If you have a savings account with a bank, the bank pays you interest because you're loaning them your money.
credit union	A credit union is similar to a bank but they don't make profit, and they tend to operate at a smaller and more local level.
peer-to-peer loans	Peer-to-peer (P2P) services are a type of private loan. People who want to borrow money list their request on a P2P website and lenders browse through these requests to decide who they want to lend their money to. The lender might lend the full loan or just part of it.
payday lenders	Payday lenders are companies that lend customers money at high interest rates on the agreement that the loan will be repaid when the borrower receives their next pay.
loan shop	A loan shop is a company or organisation that makes loans to individuals or businesses. They make money by charging interest on the money they lend and by charging fees.
consolidating debt	This means putting all your smaller debts together so that you only have one debt to manage and pay back. Having one large debt usually means that you can get a lower rate of interest, which can help you to pay off the debt faster.
interest rate	This is the percent of interest that you're charged when you borrow money or that you receive when you save money. For example, if you've borrowed $2000 and the interest rate is 5%, you'll have to pay back an extra 5% of the total amount of money you borrowed, which is $40. Small changes in these rates can make huge differences to your debt over time.

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annual fee	An annual fee is a sum of money that needs to be paid each year.
balance (of a credit card)	The balance is the amount owing on a credit card at the end of a one-month period.
deficit	If your living costs, expenses and debts are more than the amount you earn (your income), the extra money you need to find to pay your bills is called the deficit.
surplus	A surplus is the money that you have left over each pay after paying for your living costs, expenses and debts.
penalty	If you are late with a payment or do not pay any money at all, you are breaking a contract. A fee will be added to the amount you owe, so you will have to pay extra.
secured loan	A loan from a bank or other lender in which the borrower agrees to give the lender a valuable asset if they can't pay back the loan in full.
repossession	If a person doesn't make repayments on a loan, the lender can take possession of something such as a car.
market price	This is the price that something is likely to sell for.
eligibility	Eligibility means that you have met the requirements for receiving something.
redundant	Redundancy is when you lose your job because your employer no longer needs someone to do the role that you have been doing.
job security	If you have job security, you can keep doing your job as long as you want.
terms (of a loan)	The terms of a loan are the conditions that the borrower and the lender agree to, for example, a fixed amount of time and an agreed rate of interest.
budget	A budget is a tool to help you manage your income and expenses and save money. It shows how much money a person has coming in (income) and going out (expenses) over a period of time.

living costs	This is how much you need to pay for the things you need. Examples include rent, food, power and internet services.
emergency fund	This is a sum of money set aside for an emergency. It can help to cover costs if something goes wrong, for example, losing your job. It can also help cover unexpected expenses such as a large dental or car bill. The suggested amount for an emergency fund is three months' worth of your expenses.
secured loan	A loan in which the person borrowing money offers an asset as security. If the borrower fails to make repayments, the lender can take some or all of those assets in order to cover the unpaid loan.