

Module 4 - Banking and Financial Services

HANDOUT 4-12

Glossary

Account: What you set up at a bank or credit union for depositing, withdrawing, borrowing or investing money.

Account statement: A record you get each month of what happened in your account.

Annual percentage rate: The rate of interest charged on a loan each year. This rate may differ from what you see advertised. There is a standard way to calculate it. This is to help borrowers compare rates.

Automated teller machine (ATM): A machine you use to do banking with an electronic (debit) card. This is also called an automated banking machine (ABM).

Balance: The amount of money held or owing in an account.

Bank: A financial institution that takes deposits, lends money and provides other financial services.

Banking fees: Fees charged to customers for banking services.

Canada Deposit Insurance Corporation (CDIC): This was set up by the federal government to provide insurance to protect money deposited in Canadian banks and some other financial institutions.

Cheque: A written order to a bank, credit union, or trust company to pay a certain sum of money from the depositor's account to the person named on the cheque.

Chequing account: An account at a bank, credit union or trust company that allows the depositor to write cheques.

Credit union: A financial institution that is owned by its depositors and borrowers.

Debit card: A card that lets you transfer money electronically from your account to pay for something you buy. It is also used to deposit money into an account.

Deposit: Money held in an account at a bank, credit union, or trust company.

Deposit insurance: An insurance plan to protect the money you deposit in a bank, credit union or trust company (see Canada Deposit Insurance Corporation).

Financial institution: A bank, trust company, credit union or other institution that offers financial services such as savings and chequing accounts, loans, credit cards, and investments.

Overdraft: Occurs when money is withdrawn from a bank account and the available balance goes below zero.

Overdraft protection: A pre-arranged limit a customer can borrow from the bank when their balance goes below zero. May be fees and interest charged.

Personal identification number (PIN): A confidential number you use to confirm who you are at a bank machine, computer or phone system.

Savings account: An account with a bank, trust company, or credit union that pays interest on the money you deposit.

Withdraw: To take money out of an account.