

## Glossary

### Handout 4-12

**Account:** What you set up at a bank or credit union for depositing, withdrawing, borrowing or investing money. There are two kinds of accounts: savings and chequing.

**Account statement:** A record you receive monthly of all of your banking transactions (i.e. deposits, withdrawals, transfers).

**Annual percentage rate (APR):** The rate of interest charged on a loan each year, including any fees. This calculation helps 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 in a bank account. Can also refer to a budget where the income and expenses are equal (balanced budget).

**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):** A corporation set up by the federal government. They provide insurance to protect money deposited in Canadian financial institutions.

**Cheque:** A cheque is a printed form on which you write an amount of money and who it is to be paid to. Your bank then pays the money to that person from your account.

**Chequing account:** An account at a bank or credit union that allows the account holder to write cheques.

**Credit union:** A financial institution that is owned by its depositors and borrowers. Credit unions are similar to banks but have different systems of ownership and governance. They are member-owned co-operatives.

**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**Overdraft:** This happens when money is withdrawn from a bank account and the available balance goes below zero. Typically this results in an additional fee on your account.

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

**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 or credit union that pays interest on the money you deposit.

**Withdraw:** To take money out of an account.