

Know your banking terms

APR



This term is relevant if you borrow money. It stands for the “annual percentage rate” and tells you the cost of the loan, taking account of interest rate and other charges. You can compare loans using the published APR. The lower the APR, the less you pay back in interest and other charges.

Debit card



This is a plastic card issued by your bank so that you can pay for items in shops without needing cash. You might need to enter a PIN number into the payment machine, but modern cards tend to have ‘contactless’ technology for payments up to £30. With ‘contactless’ cards you just tap them on the payment machine. You must take good care of your debit card and PIN number and not allow anyone else to access them. Debit cards can be used at an ATM. Tell your bank straight away if you lose your debit card, or if you think somebody else has seen your PIN number.

ATM



This stands for *Automated Teller Machine* and is commonly called a cashpoint. You can withdraw money from your bank account here, with a cash withdrawal card and PIN number. Some ATMs charge a fee for withdrawing cash. Try to find one that does not do this.

Direct Debit



This is a service that allows you to pay regular bills that might be different amounts each time. You can instruct your bank to pay the company the amount that they request. The company will be required to let you know how much they are going to take, and when. You must make sure that there is enough money in your bank account to make the payment, or your bank will charge you a penalty fee, and if the payment is not made to the company requesting it, you might also get a late payment penalty.

Credit Card



A credit card is similar to a debit card – you can use it to pay for goods in store or online. The money does not come from your bank account, however, but acts like a loan. If you pay it all back by the monthly deadline you will pay no interest, but any money not paid back on time will be subject to interest charges and you will end up paying more back than you spent.

If you use a credit card to withdraw cash at an ATM, you will always pay back more than you withdrew.

You cannot get a credit card if you are under 18 years of age.

Current Account



A bank account that lets you receive money, withdraw money whenever you wish, pay bills by standing order or direct debit. The account might allow an overdraft, but there will be fees associated with this.

Overdraft



If you spend more money from your current account than you have in there, you are said to be 'overdrawn'. Some banks will permit an overdraft – this is called an 'agreed overdraft', but they will charge you a fee for every day you are overdrawn. If you go over your agreed overdraft limit then the charges will increase a lot, and the bank might stop paying your direct debits.

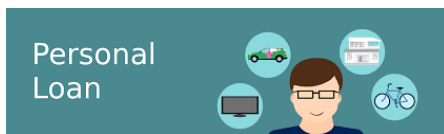
Under-18s cannot have an agreed overdraft, and banks will not make payments if there is not enough money in the account.

Interest



On savings, or money in a current account, interest is the extra money that you receive to reward you for keeping money in the bank. It is usually paid monthly, and is typically only a very small amount. On loans and credit cards, it is an additional charge added monthly, and the amount will depend on how much money you owe. See APR.

Unsecured personal loan



This is a loan from a bank/lending company that is not secured against your home. When you take out a loan, it will be clearly explained to you how much you need to pay, and for how long. You will always repay more than you borrowed (See APR). If you do not make payments, the lending company can take you to court to recover their money. You cannot get a loan if you are under 18.

Standing order



This is a way of paying bills through your bank. You can set up a standing order to pay a person or company a fixed amount of money at specified intervals.

PIN



This is a Personal Identification Number, issued with any debit or credit card. You will use the PIN number every time you make a payment or withdraw money, unless the card has 'contactless' technology. The PIN number is a way of protecting your money from theft if you lose the card.

Bank statement

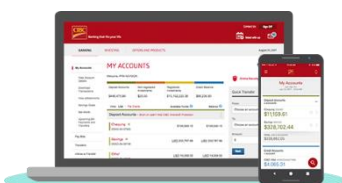


Post Date	Description	Credits/Deposits	Balance
06/28	Deposit ENVOYER BUS SVC	\$137.00	\$62,231.91
06/28	TYPE: SETTLEMENT		
06/28	Deposit AMERICAN EXPRESS	\$886.00	\$63,217.91
06/28	Deposit MERCHANT SERVICE	\$35.97	\$63,257.88
06/28	TYPE: MERCHANT		
06/28	Deposit AMERICAN EXPRESS	\$742.00	\$63,999.88
06/28	TYPE: SETTLEMENT		
06/28	Deposit MERCHANT SERVICE	\$1,591.00	\$65,590.88
06/28	TYPE: MERCHANT DEP.		
06/28	Deposit AMERICAN EXPRESS	\$74.00	\$65,664.88
06/28	TYPE: SETTLEMENT		
06/28	Deposit AMERICAN BUS SVC	\$137.00	\$65,801.88
06/28	TYPE: SETTLEMENT		
06/28	Deposit MERCHANT SERVICE	\$40.00	\$65,841.88
06/28	TYPE: MERCHANT DEP.		
06/28	Deposit MERCHANT SERVICE	\$35.97	\$65,939.95
06/28	TYPE: MERCHANT DEP.		
06/28	Deposit MERCHANT SERVICE	\$1,454.00	\$67,647.95
06/28	TYPE: MERCHANT DEP.		

*This is an actual copy of just 2 days bank deposits from our bank statement in 2004. This is not a guarantee. This is only an example of our success. Your results may vary.

This is a document that shows how much money is in your bank account, along with all the transactions over a period of time (money deposited and withdrawals). You might get your bank statement in the post, or be able to view it online or by phone app. It is important to check all transactions on your bank statement to make sure they are all genuine. Speak to your bank about anything you don't understand on your statement and if you see a withdrawal that you don't think you made, ask the bank to look into it.

Online banking



This is a service that allows you to see your bank balance and transactions and make payments online or via secure phone app. Having online banking does not prevent you from going into a high street branch of the bank for assistance and services.

