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# FINANCIAL DICTIONARY

## Learn the Language of Finance


## Money Basics

**These are the basic ideas that help you understand how money comes in, where it goes, and how to manage it.**

**Income**
Income is the money you receive, for example from work, allowances, or selling something.

**Expenses**
Expenses are the money you spend on things like food, housing, transport, or entertainment.

**Budget**
A budget is a plan for how you will use your income to cover expenses and save money.

**Cash Flow**
Cash flow describes the movement of money coming in and going out over time.

**Savings**
Savings are money you set aside for future needs or unexpected expenses.

**Interest**
Interest is extra money paid or earned when money is borrowed or saved.

## Cards and Payment

**These are common ways to pay for things or send money from one person or account to another.**

**Wire Transfer**
A wire transfer is a direct electronic transfer of money from one bank account to another.

**Credit Card**
A credit card allows you to borrow money from the card provider to make purchases and pay it back later, often with interest.

**Debit Card**
A debit card pays directly from the money in your bank account when you make a purchase.

**Digital Payment**
A digital payment is an electronic payment made using a phone, computer, or payment app.

**Bank Check**
A check is a written instruction telling your bank to pay a specific amount of money to another person or organization.


## Digital Finance

**Money's gone digital. These terms help you navigate the new tools, risks, and opportunities that come with it.**

**Digital Finance**
Digital finance means managing money through online banking, payment apps, and other digital tools.

**Digital Payment**
A digital payment is an electronic payment made using a phone, card, or online service.

**Online Banking**
Online banking allows you to check your balance, transfer money, and manage your account through a website or mobile app.

**Financial Transaction**
A financial transaction is any transfer of money between people, businesses, or accounts

**Fraud**
Fraud is when someone deliberately deceives you to steal money or financial information.


## Investments and Risk

**Investing means using money to buy assets that may increase in value or generate income over time. Every investment involves risk.**

**Investment**
An investment is money used to buy an asset with the expectation that it will grow in value or produce income.

**Return**
Return is the profit or loss you receive from an investment.

**Risk**
Risk is the possibility that an investment may lose value or produce lower returns than expected.

**Stock (Share)**
A stock represents partial ownership in a company.

**Bond**
A bond is a loan you give to a government or company in exchange for regular interest payments and repayment later..

**Asset Allocation**
Asset allocation means dividing investments between different types of assets to reduce risk.

**Dividend**
A dividend is a payment that some companies distribute to shareholders from their profits.

## Business Essentials

**These concepts explain how businesses earn money, cover costs, and stay financially sustainable.**

**Revenue**
IRevenue is the total amount of money a business receives from selling products or services.

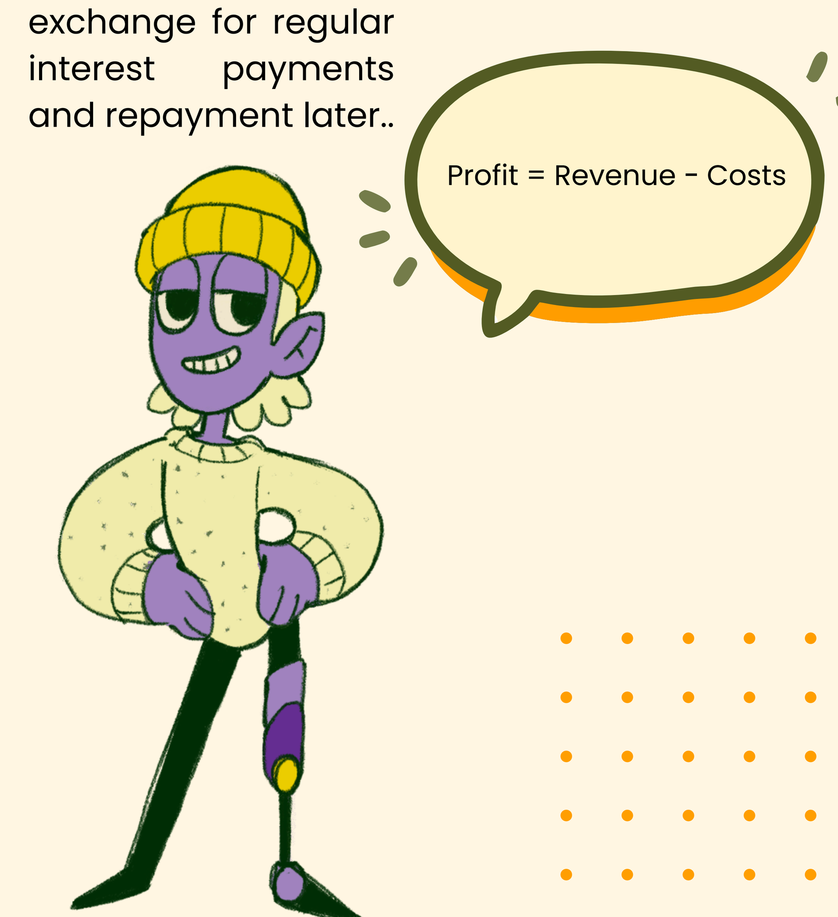
**Costs**
Costs are the expenses a business must pay to operate, such as materials, salaries, rent, or services.

**Contribution Margin**
Contribution margin is the money left from a sale after covering the direct costs of producing that product or service.

**Profit**
Profit is the money a business keeps after subtracting all costs from revenue.

**Insurance**
Insurance protects a person or business against financial loss in exchange for regular payments.

**VAT (Value Added Tax)**
VAT is a tax added to the price of many goods and services and collected by businesses on behalf of the government.

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## Sustainability & Ethics

**Finance can influence how businesses operate and how resources are used in society and the environment.**

**Nonprofit Organization**
A nonprofit organization uses its income to support a mission or public purpose instead of distributing profits to owners.

**Social Enterprise**
A social enterprise is a business that aims to generate profit while also solving social or environmental problems.

**Sustainable Investment**
Sustainable investment means choosing investments that consider environmental, social, or governance (ESG) factors in addition to financial returns.

## Jobs and Economy

**Work and income can take many forms, and economic conditions influence how far your money goes.**


**Gig Economy**
The gig economy refers to short-term jobs or tasks where people are paid for individual projects instead of permanent employment.

**Freelance**
Freelance work means providing services independently to different clients instead of working for a single employer.

**Mortgage**
A mortgage is a long-term loan used to buy a home or property, usually repaid over many years with interest.

**Inflation**
Inflation is the increase in prices over time, which reduces the purchasing power of money.

**Salary/Wage**
A salary or wage is the money a person receives in exchange for their work.

## Taxes and Income

**This section explains how income is taxed and how the money you earn becomes the money you actually receive.**


**Income Streams**
Income streams are different ways a person earns money, such as a job, freelance work, or investments.

**Taxable Income**
Taxable income is the portion of your income used to calculate how much tax you must pay.

**Deductions**
Deductions are amounts subtracted from your income before taxes are calculated.

**Tax Rate**
A tax rate is the percentage of income that must be paid as tax.

**Net Income**
Net income is the amount of money you keep after taxes and deductions are taken from your income.

## Markets and Exchange

**These concepts explain how money can grow over time and how people invest in financial markets.**

**Compound Interest**
Compound interest means earning interest on both the original money and the interest that has already been added.

**ETF (Exchange-Traded Fund)**
An ETF is an investment fund that holds many assets such as stocks or bonds and can be bought or sold on the stock market.

**Diversification**
Diversification means spreading investments across different assets to reduce risk.

**Stock Market**
The stock market is a place where investors buy and sell shares of companies.

**Exchange Rate**
An exchange rate shows how much one currency is worth compared to another.


## Empowerment & Education

**Understanding money helps people make informed decisions, plan for the future, and manage financial challenges.**


**Financial Literacy**
Financial literacy is the ability to understand and use basic financial concepts such as budgeting, saving, borrowing, and investing.

**Financial Decision-Making**
Financial decision-making means evaluating options and choosing how to use or manage money responsibly.

**Financial Resilience**
Financial resilience is the ability to cope with financial challenges such as unexpected expenses or income loss.

**Financial Independance**
Financial independence means being able to support yourself and make financial decisions without relying on others for money.

**Critical Thinking about Money**
Critical thinking about money means questioning financial advice, offers, or investments before making decisions