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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



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