



New

# Banking Glossary

Edition 2017

Study Material  
For  
**Banking Glossary**



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## **BANKING TERMS & GLOSSARY**

<b>Acceptance For Settlement</b>	The Stage In The Processing Of A Payment At Which It Has Passed All Risk Management And Other Tests And Can Be Settled Under The System'S Rules And Procedures.
<b>Aaa</b>	Aaa Is A Term Or A Grade That Is Used To Rate A Particular Bond. It Is The Highest Rated Bond That Gives Maximum Returns At The Time Of Maturity. Usually The Grade Aaa Is Given To The Best Debt Obligation Or A Security, By A Credit Rating Agency.
<b>Abo</b>	Abo Is An Abbreviation For The Term 'Accumulated Benefit Obligation'. It Is Basically The Measure Of The Liability Of The Pension Plan Of An Organization And Is Calculated When The Pension Plan Is To Be Terminated.
<b>Absorption</b>	Absorption Is A Term Related To Real Estate, Banking And Finance Fields. The Word 'Absorption' Means The Process Of Renting A Real Estate Property That Is Newly Built Or Is Recently Renovated.
<b>Absorption Time</b>	The Term 'Absorption Time' Is Used To Define The Time Period That Is Required To Complete The Process Of Absorption.
<b>Abstract Of Title</b>	The 'Abstract Of Title' Is A Written Report That Defines, Records And Identifies The History And Ownerships Of A Particular Asset, Usually A Real Estate.
<b>Accelerated Depreciation</b>	A Method Of Depreciation Of Fixed Assets, Where The Early Deductions Are Greater In Monetary Terms And Later Ones Are Smaller.
<b>Acceleration</b>	Acceleration Is The Process, Where The Lender Demands A Full And Final Payment Of The Debt Or Loan, Before The Allotted Time Period For Repayment. A Clause In The Document Of The Debt Usually Empowers The Lender To Accelerate The Time Period.
<b>Acceleration Clause</b>	A Clause In The Debt Document That Empowers The Lender To Accelerate The Payment, (I.E. Or That Is) The Lender Can Demand The Full Amount Of Loan Before The Date Of Maturity.
<b>Acceptance</b>	Acceptance Which Is Also Known As The Banker'S Acceptance Is A Signed Instrument Of Acknowledgment That Indicates The Approval And Acceptance Of All Terms And Conditions Of Any Agreement On Behalf Of The Banker. It Is A Very Wide Term That Is Used In Context With Financial Agreements.

## **BANKING TERMS & GLOSSARY**

<b>Accepting House</b>	An Accepting House Is A Banking Or Finance Organization That Specializes In The Service Of Acceptance And Guarantee Of Bills Of Exchange. This Organization Specializes In Two Prominent Functions, That Is Facilitating The Different Negotiable Instruments And Merchant Banking.
<b>Accepting Party</b>	The Party (Either An Individual Or A Group Of Individuals Or Organizations) That Accepts The Terms And Conditions Of A Proposed Agreement Or Contract Put Forth By Another Party.
<b>Acceptor</b>	Any Trading Or Service Establishment That Accepts, On Its Own Behalf Or On Behalf Of Its Network, The Payment Of Goods Or Services Via An Electronic Money Instrument.
<b>Access</b>	The Right Of Or Opportunity For An Institution To Use The Services Of A Particular Payment System To Settle Payments On Its Own Account Or For Customers. See Also Direct Participant, Direct Participant/Member, Indirect Participant/Member, Participant/ Member.
<b>Access Products</b>	Payment Instruments That Allow Customers To Access Their Deposit Accounts And To Transfer The Deposits Therein. Examples Include Electronic Funds Transfers At The Point Of Sale And Home Banking Facilities.
<b>Accessions</b>	The New Physical Goods That Are Physically United To Older Goods, In The Manner Where Identity, Of Both The Goods Remains The Same, Are Known As Accessions. For Example, A New Upgrade Or Addition On An Already Existing Piece Of Machinery.
<b>Accommodation Maker</b>	A Person Who Signs The Note Of Application And Renders His Credit History During The Process Of Application Of A Loan Is Called Accommodation Maker. The Accommodation Maker, Usually Receives No Direct Financial Benefit From The Loan. The Term Is Also Used In The Concept Of 'Accommodation Bills', When Two Or More People Help Each Other By Rendering Liquidity Of A Negotiable Instrument.
<b>Account</b>	An Account Is A Record Of All Financial Transactions That Are Related To An Asset, Individual, Transaction Or Any Organization. It Is A Major Term In The Field Of Accountancy And Is Conventionally Denoted By A/C. It Can Also Be Defined As A Transaction Between A Buyer And A Seller About Payments And Dues Which Develop Creditor-Debtor Relations.



## **BANKING TERMS & GLOSSARY**

<b>Account Aggregation</b>	An Online Facility That Is Made Available By Some Banks Or Financial Organizations, In Which All The Transactions Related To The Bank Account, Credit Facilities, Debts And Investments Can Be Handled And Operated With The Help Of A Single Interface Or Account. Account Aggregation Is A Form Of Internet Banking, Provided For Ease Of Transaction.
<b>Account Agreement</b>	The Contract Governing A Customers Open-End Credit Account, It Provides Information On Changes That May Occur To The Account.
<b>Account Analysis</b>	The Term 'Account Analysis' Is Used In Basically Two Contexts. First, It Is Used To Define The Study And Conclusion Of A Single Account. Second, It Is Also A Procedure, Where The Profitability Of A Single Demand Account Or Many Demand Accounts Is Projected And Analyzed.
<b>Account Balance</b>	The Total Amount Of Money In A Particular Bank Account, Along With The Debit And Credit Amounts, The Net Amount Is Also Termed As The Account Balance.
<b>Account Control Agreement</b>	An Account Control Agreement Is An Agreement That Perfects The Interests Of The Creditor In A Securities Account.
<b>Account Debtor</b>	An Account Debtor Is A Person Or An Organization That Is In Debt And Is Obligated To Pay Either On An Account Or Chattel Paper Or Contract Right. Account Debtors Are, Sometimes, Simply Referred To As Debtors.
<b>Account History</b>	The Payment History Of An Account Over A Specific Period Of Time, Including The Number Of Times The Account Was Past Due Or Over Limit.
<b>Account Holder</b>	Any And All Persons Designated And Authorized To Transact Business On Behalf Of An Account. Each Account Holder'S Signature Needs To Be On File With The Bank. The Signature Authorizes That Person To Conduct Business On Behalf Of The Account.
<b>Account Reconciliation</b>	Account Reconciliation Is A Process With The Help Of Which The Account Balance Can Be Easily Verified. Account Reconciliation Is Usually Done At The End Of A Week, Month, Financial Year Or At The End Of Any Financial Period. It Is Usually Done With The Help Of Receipts, Atm Notes, Bank Statements Etc.

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<b>Account Reconciliation Services</b>	Account Reconciliation Services Are Basically Services That Specialize In The Compilation Of Reconciliation Documents And Statements. Reconciliation Services Cater To The Demands Of Individuals And Huge Organizations That Have A Large Number Of Transactions Taking Place Everyday.
<b>Account Statement</b>	A Financial Record That Indicates The Transaction And Its Effect On An Account (Usually Bank Account), In Terms Of Debit And Credit. Sometimes, An Account Statement Also Carries Some Precise Details, Like The Date Of Transaction, Code Of Transaction, Mode Of Transaction, Sales, Purchases, Etc.
<b>Account Value</b>	An Account Value Is The Total Value Of Any Account, Applicable When A Person Has Many Accounts And Transactions In The Same Bank Or Financial Institution. The Account Value Is A Total Value That Is Expressed In Monetary Terms.
<b>Accountability</b>	Record-Keeping Of Electronic Money Transactions.
<b>Accounts Payable</b>	Accounts Payable Is A List Of Liabilities Of An Organization Or An Individual That Are Due But Not Paid To Creditors. Account Payable, In Some Cases Also Appears As A Current Liability In The Balance Sheet. One Must Note That Loans And Liabilities To The Bank Which Have Not Maturated, Are Not A Part Of Account Payable.
<b>Accreting Swap</b>	Accreting Swap Is A Swap Of Interest Which Has An Increasing Notional Amount.
<b>Accretion</b>	Accretion, Is A Process, Where Increments And Periodic Increases Are Made In The Book Value Or The Balance Sheet Value Of An Asset. In The Field Of Banking And Finance, Accretion Is The Process Where The Price Of A Bond That Has Been Bought At A Discount Is Changed To The Par Value Of The Bond. It Is Also Defined As A Change In The Price Of A Bond That Has Been Bought At A Discount To The Par Value Of The Bond.
<b>Accretion Bond</b>	An Accretion Bond Is Basically A Bond That Has Been Purchased At A Discount And Whose Book Value Is Incremented To The Par Value Or The Face Value.
<b>Accrual Basis</b>	Accrual Is The Process Of Accumulation Of Interest Or Money. Accrual Basis, Which Is Also Known As Accrual Convention, Is The Method By Which, Investors, Economists And Businessmen Count The Number Of Days In A Month Or A Year(S). Of The Most Common Examples Of Accrual Basis Is The 30/360 Convention, Wherein The Accrual Basis Is Calculated By

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	Assuming That Every Month Has 30 Days. Accrual Basis Is Often Used As The Common Parameter For The Calculation Of Interests And Returns.
<b>Accrual Bond</b>	An Accrual Bond Is Also Known As Range Bond. An Accrual Bond Is A Bond That Has A Tendency To Pay The Investors, An Above The Market Rate. Sometimes, An Accrual Rate Is Also Defined As A Security That Does Not Have A Period Payment For The Rate Of Interest. The Interest Is Accrued And Then Added Later On At The Time Of Maturity.
<b>Accrual Convention</b>	It Is The Method Of Calculating The Time Period On A Specific Investment By The Investors. Accrual Convention Is At Times Calculated With The Help Of Different Interest Calculation Mechanisms. Accrual Convention Is Also Known As Accrual Basis.
<b>Accrued Interest</b>	Interest Due From Issue Date Or From The Last Coupon Payment Date To The Settlement Date. Accrued Interest On Bonds Must Be Added To Their Purchase Price.
<b>Accumulated Depreciation</b>	Accumulated Depreciation Is The Total All The Periodic Reductions From The Book Value Of Fixed Assets. It Is Also Termed As An Allowance For Depreciation.
<b>Accumulator</b>	Accumulator Is Also Known As Capital Appreciation Bond. The Accumulator Is A Type Of Security That Is Related To Capital And Is Issued On Face Value, But The Interest Is Not Paid To The Investor On The Basis Of The Time Period. Instead, The Total Amount Of Accrued Interest Is Paid Along With The Face Value Upon The Maturity Of The Security.
<b>Ach</b>	See Automated Clearing House.
<b>Acknowledge</b>	Indicates The Acceptance Of A Document, Agreement, Proposal Or A Negotiable Instrument By Authenticating It With The Help Of A Seal Or A Signature. Acknowledgment Signifies That The Terms And Conditions Of The Contract Have Been Accepted And The Agreement Authenticated.

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<b>Acquirer</b>	The Entity Or Entities That Hold(S) Deposit Accounts For CardAcceptors (Merchants) And To Which The Card Acceptor TransmitsThe Data Relating To The Transaction. The Acquirer Is Responsible ForThe Collection Of Transaction Information And Settlement With TheAcceptors.
<b>Acquiring Bank</b>	In A Merger, The Bank That Absorbs The Bank Acquired.
<b>Acquiring Technical Operator</b>	The Party Providing The Technical Facilities For Each Acquiring Entity To Accept The Data Relating To Each Transaction.
<b>Active Tranche</b>	Active Tranche Basically Stands For Remic Or Real Estate Mortgage Investment Conduit. The Remic Tranche Is Basically A Bond That Is Backed Up By A Large Set Of Mortgages. The Principal And Interest That Are Paid By The Borrowers, Are Transferred To The People Who Hold Tranche (Tranche Refers To A Portion Or Money) In Remic.
<b>Actual Delay Days</b>	Actual Delay Days Are Also Simply Known As 'Delay Days'. The Actual Delay Days Are The Actual Days Of The Lag Times. The Lag Time Is The Time Period That Starts After The Expiry Of The Last Date Of Repayment.
<b>Adjustable Rate Mortgage (Arm)</b>	Adjustable Rate Mortgage Or Arm Is Basically A Type Of Loan, Where The Rate Of Interest Is Calculated On The Basis Of The Previously Selected Index Rate. Due To This, The Rate Of Interest That Is Charged Differs Periodically, Usually In Every Month. Hence, The Rate Of Interest And The Total Interest Remain Variable Throughout The Term/Time Period
<b>Adjusted Trading</b>	Adjusted Trading Is A Mercantile Understanding Between An Investor And The Broker Or Dealer. In This Understanding, The Investor Overpays The Broker) For A Recently Purchased Security. As A Return Favor, The Broker Overpays The Investor For The Security Or The Investment That He Wants To Get Rid Of.
<b>Administered Rates</b>	Administered Rates Are The Rates Of Interest Which Can Be Changed Contractually By Lender. In Some Cases, These Rates Can Also Be Changed By The Depositor And Also The Payee. The Laws And Provisions That Monitor The Concept Of Administered Rates Differ In Each Jurisdiction.



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<b>Administrative Float</b>	Administrative Float Is The Frame Of Elapsed Time That Is Required In Order To Complete The Paperwork, In Order To Administratively Sort The Checks, Or For That Matter, Any Type Of Currency And Negotiable Instruments In The Bank Itself Or In The Clearing House.
<b>Administrative Review</b>	An Administrative Review Is Usually Used In Context To The Appraisal Of The Book Value Of A Real Estate And Basically, Deals In The Underwriting Issues. The Administrative Review Is Usually Written From The Point Of View Of Loan Underwriting During An Estate Appraisal.
<b>Adverse Action Notice</b>	The Notice Required By The Equal Credit Opportunity Act Advising A Credit Applicant Or Existing Debtor Of The Denial Of Their Request For Credit Or Advising Of A Change In Terms Considered Unfavorable To The Account Holder.
<b>Adverse Action</b>	Under The Equal Credit Opportunity Act, A Creditor'S Refusal To Grant Credit On The Terms Requested, Termination Of An Existing Account, Or An Unfavorable Change In An Existing Account.
<b>Advisory Netting</b>	See Position Netting.
<b>Aer</b>	Annual Earnings Rate On An Investment.
<b>Affidavit</b>	A Sworn Statement In Writing Before A Proper Official, Such As A Notary Public.
<b>Agency Relationship</b>	A Contractual Relationship In Which One Party, The Agent, Acts On Behalf Of Another Party, The Principal. The Agent May Execute Trades For The Principal But Is Not Responsible For Performance By The Principal.
<b>Agent</b>	An Entity, Such As A Fund Manager Or A Custodian, That Undertakes A Securities Loan And Negotiates The Terms With The Borrower On Behalf Of A Customer-Owner.
<b>Alteration</b>	Any Change Involving An Erasure Or Rewriting In The Date, Amount, Or Payee Of A Check Or Other Negotiable Instrument.
<b>Amortization</b>	The Process Of Reducing Debt Through Regular Installment Payments Of Principal And Interest That Will Result In The Payoff Of A Loan At Its Maturity.

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<b>Annual Percentage Rate (Apr)</b>	The Cost Of Credit On A Yearly Basis, Expressed As A Percentage.
<b>Annual Percentage Yield (Apy)</b>	A Percentage Rate Reflecting The Total Amount Of Interest Paid On A Deposit Account Based On The Interest Rate And The Frequency Of Compounding For A 365-Day Year.
<b>Annuities</b>	Annuities Are Contracts That Guarantee Income Or Return, In Exchange Of A Huge Sum Of Money That Is Deposited, Either At The Same Time Or Is Paid With The Help Of Periodic Payments. Some Of The Common Types Of Annuities Include The Deferred, Fixed, Immediate Or Variable Variants.
<b>Annuity</b>	A Life Insurance Contract Sold By Insurance Companies, Brokers, And Other Financial Institutions. It Is Usually Sold As A Retirement Investment. An Annuity Is A Long-Term Investment And Can Have Steep Surrender Charges And Penalties For Withdrawal Before The Annuity'S Maturity Date. (Annuities Are Not Fdic Insured.)
<b>Anytime Banking</b>	With Introduction Of Atms, Tele-Banking And Internet Banking, Customers Can Conduct Their Business Anytime Of The Day And Night. The 'Banking Hours' Is Not A Constraint For Transacting Banking Business.
<b>Anywhere Banking</b>	Refers To Banking Not Only By Atms, Tele-Banking And Internet Banking, But Also To Core Banking Solutions Brought In By Banks Where Customer Can Deposit His Money, Cheques And Also Withdraw Money From Any Branch Connected With The System. All Major Banks In India Have Brought In Core Banking In Their Operations To Make Banking Truly Anywhere Banking.
<b>Application</b>	Under The Equal Credit Opportunity Act (Ecoa), An Oral Or Written Request For An Extension Of Credit That Is Made In Accordance With The Procedures Established By A Creditor For The Type Of Credit Requested.
<b>Appraisal</b>	An Appraisal Is Basically A Statement, Document Or An Estimated Rise Or Drastic Climb In The Price Of A Particular Real Estate. The Term 'Appraisal' Is Also Used In Connection To Raising The Book Value Of A Real Estate.
<b>Appraisal Surplus</b>	An Appraisal Surplus Is The Difference Between The Historical Cost And The Appraised Cost Of The Real Estate.

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<b>Appraisal</b>	The Act Of Evaluating And Setting The Value Of A Specific Piece Of Personal Or Real Property.
<b>Apr</b>	The Annual Percentage Rate Of Interest, Usually On A Loan Or Mortgage, Usually Displayed In Brackets And Representing The True Cost Of The Loan Or Mortgage As It Shows Any Additional Payments Beyond The Interest Rate.
<b>Aps</b>	See Assured Payment System.
<b>Arbitrage</b>	Profiting From A Difference In Price When The Same Security, Currency Or Commodity Is Traded On Two Or More Markets.
<b>Arbitrage Free</b>	Arbitrage Free Is A Type Of Financial Model That Generates Market Structures That Exclude Scenarios Generated By The Arbitrage Transactions And Dealings.
<b>Arbitrageur</b>	An Arbitrageur Is An Independent And Individual Broker Who Deals In Arbitrage.
<b>Article Of Agreement</b>	Article Of Agreement Is A Contractual Provision, With The Help Of Which A Buyer Purchases Real Estate From The Seller Over A Period Of Time, And Pays The Consideration In Installments. This Type Of Agreement Or Contract Is Also Known As A Land Contract.
<b>Ascending Rate Bond</b>	Security With Which Has A Coupon Rate That Increases In Previously Defined Increments At Scheduled Intervals, Is Termed As An Ascending Rate Bond.
<b>As-Extracted Collateral</b>	As Extracted Collateral Are Extracted Or Non-Extracted Minerals Created By A Debtor Having An Interest In Minerals, And Are Subject To Security Interest, Either Before Or After Extraction. In Short, Mined Or Non-Mined Minerals Can Also Be Used As Collaterals.
<b>Ask Price</b>	The Lowest Price At Which A Dealer Is Willing To Sell A Given Security.
<b>Asset And Liability Management</b>	Asset And Liability Management Is The Coordinated Management Of All The Financial Risks Inherent In The Business Conducted By Financial Institutions. In Real Practice, Asset And Liability Management Aims At Minimization Of Loss And Maximization Of Profit.

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<b>Asset Sensitive</b>	Asset Sensitive Is A Sort Of A Position, Wherein An Increase In The Rate Of Interest Will Help The Investor And The Decline In The Rate Will Not Be Helpful At All.
<b>Asset-Backed Securities (Abs)</b>	A Type Of Security That Is Backed By A Pool Of Bank Loans, Leases, And Other Assets. Most Abs Are Backed By Auto Loans And Credit Cards – These Issues Are Very Similar To Mortgage-Backed Securities.
<b>Assets Repriced Before Liabilities</b>	'Assets Repriced Before Liabilities' Is A Term That Is Used To Define A Gap Between The Repricing Of The Assets And Liabilities In A Given Period Of Time.
<b>Assignee</b>	Assignee Is An Individual Or An Organization Or Party To Whom An Assignment Is Given And Commitment Taken.
<b>Assumable</b>	Assumable Is A Very Different Type Of Mortgage Loan Application, Where The New Buyers Of A Real Estate That Has Already Been Pledged As Collateral, Assumes The Liability Of A Loan And Also The Ownership Of The Real Estate
<b>Assumed Name</b>	An Assumed Name Is A Name Which Is Assumed By An Individual, Organization Or Corporation In Order To Conduct Business. It Must Be Noted That The Assumed Name Is Always Different From The Original Name Of The Corporation.
<b>Assured Payment System</b>	An Arrangement In An Exchange-For-Value System Under Which Completion Of Timely Settlement Of A Payment Instruction Is Supported By An Irrevocable And Unconditional Commitment From A Third Party (Typically A Bank, Syndicate Of Banks Or Clearing House).See Also Exchange-For-Value Settlement System.
<b>Asymmetric Behavior</b>	Asymmetric Behavior Is The Unbalanced Behavior Displayed By The Financial Instruments. It Is Said To Be Observed When The Rates And Value Of Instruments Change In Different Proportions, In Comparison To The Market Rates.
<b>Asymmetric Cryptography</b>	A Set Of Cryptographic Techniques In Which Two Different Keys (Private And Public Keys) Are Used For Encrypting And Decrypting Data. The Private Key Is Kept Secret By Its Holder While The Public Key Is Made Available To Communicating Entities. Also Called Public Key Cryptography.
<b>Atm</b>	Automated Teller Machine.

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<b>At-The-Money</b>	The Exercise Price Of A Derivative That Is Closest To The Market Price Of The Underlying Instrument.
<b>Attorney'S Certificate Of Title</b>	The Attorney'S Certificate Of Title, Is Also Known As The Title Option. This Certificate Is Basically Prepared By The Attorney, In Order To State The Ownership And The Lien Priority Of An Asset, Particularly A Real Estate.
<b>Attrition Analysis</b>	Attrition Analysis Is Basically Carried Out For The Purpose Of Reformation Of The Assets And Liabilities In A Balance Sheet.
<b>Audit Trail</b>	A Sequential Record Of Events Having Occurred In A System.
<b>Auditability</b>	Understood To Mean That It Is Possible To Establish Whether A System Is Functioning Properly And, Thereafter, That It Has Worked Properly. One Aspect Of Auditability Is To Provide Sufficient Knowledge About The System And Its Structure, Functions, Controls, Etc By Means Of Appropriate Documentation. Another Important Aspect Of Auditability Is To Make Visible All Integrity-Related Modifications To The System And Its Data. Logging Data Should Make It Possible To Answer The Questions “Who?”, “What?” And “When?”.
<b>Audited Statements</b>	Audited Statements Are Supposed To Be The Most Reliable Statements. The Audited Statements Are Basically Financial Statements Whose Reliability And Second Effect (According To The Double Entry System) Have Been Verified, Cross Checked And Confirmed. The Word 'Audited' (Audit), Signifies The Process Of Verification.
<b>Authenticated Security Agreement</b>	The Agreement Of Security Between Debtor And Banker Is Known As The Authenticated Security Agreement And Is Accepted By The Borrower The Acceptance Process Is Done, Online And Then The Agreement Is Down Loaded And Printed.
<b>Authentication</b>	The Methods Used To Verify The Origin Of A Message Or To Verify The Identity Of A Participant Connected To A System And To Confirm That A Message Has Not Been Modified Or Replaced In Transit.
<b>Authority</b>	In The Terms Of Banking, An Authority Is Basically A Governmental Department Or Agency That Is Empowered By The Judicial System Of A Nation To Authenticate, Legalize, Conduct And Monitor The Functions That Are Related To Banking, Finance, Economics And Transactions.



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<b>Authorization</b>	The Issuance Of Approval, By A Credit Card Issuer, Merchant, Or Other Affiliate, To Complete A Credit Card Transaction.
<b>Automated Clearing House (Ach)</b>	An Automatic Clearing House Is A Nationwide Electronic Clearing House That Monitors And Administers The Process Of Check And Fund Clearance Between Banks. The Ach Is An Electronic System And Thus Minimizes The Human Work In The Process Of Clearance. It Distributes Credit And Debit Balances Automatically.
<b>Automated Teller Machine (Atm)</b>	A Machine, Activated By A Magnetically Encoded Card Or Other Medium That Can Process A Variety Of Banking Transactions. These Include Accepting Deposits And Loan Payments, Providing Withdrawals, And Transferring Funds Between Accounts.
<b>Automated Teller Machines</b>	Automated Teller Machines Are Basically Used To Conduct Transactions With The Bank, Electronically. The Automated Teller Machine Is An Excellent Example Of Integration Of Computers And Electronics Into The Field Of Banking.
<b>Automated Teller Machine</b>	An Electromechanical Device That Permits Authorised Users, Typically Using Machine-Readable Plastic Cards, To Withdraw Cash From Their Accounts And/Or Access Other Services, Such As Balance Enquiries, Transfer Of Funds Or Acceptance Of Deposits. Atms May Be Operated Either Online With Real-Time Access To An Authorisation Database Or Offline.
<b>Automated Clearing House</b>	An Electronic Clearing System In Which Payment Orders Are Exchanged Among Financial Institutions, Primarily Via Magnetic Media Or Telecommunications Networks, And Handled By A Data Processing Centre. See Also Clearing/Clearance.
<b>Automatic Bill Payment</b>	A Checkless System For Paying Recurring Bills With One Authorization Statement To A Financial Institution. For Example, The Customer Would Only Have To Provide One Authorization Form/Letter/Document To Pay The Cable Bill Each Month. The Necessary Debits And Credits Are Made Through An Automated Clearing House (Ach).
<b>Automatic Stay</b>	The Automatic Stay Is An Injunction That Automatically Becomes Effective, After Any Person Or Organization Files For Bankruptcy. The Automatic Stay Basically Precludes The Creditors From Taking The Debtor Or The Property Of The Debtor.

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<b>Automatically Protected</b>	As Of May 1, 2011, Up To Two Months Of Federal Benefits Such As Social Security Benefits, Supplemental Security Income Benefits, Veteran’S Benefits, Railroad Retirement Benefits, And Benefits From The Office Of Personnel Management That Are Direct Deposited To An Account May Be Protected From Garnishment. The Amount Automatically Protected Will Depend Upon The Balance Of The Account On The Day Of Review.
<b>Availability</b>	The Ability Of Services And Information To Be Accessed By Users When Requested.
<b>Availability Date</b>	Bank’S Policy As To When Funds Deposited Into An Account Will Be Available For Withdrawal.
<b>Availability Policy</b>	Bank’S Policy As To When Funds Deposited Into An Account Will Be Available For Withdrawal.
<b>Available Balance</b>	The Balance Of An Account Less Any Hold, Uncollected Funds, And Restrictions Against The Account.
<b>Available Credit</b>	The Difference Between The Credit Limit Assigned To A Cardholder Account And The Present Balance Of The Account.
<b>Back Office</b>	The Part Of A Firm That Is Responsible For Post-Trade Activities. Depending Upon The Organisational Structure Of The Firm, The Back Office Can Be A Single Department Or Multiple Units (Such As Documentation, Risk Management, Accounting Or Settlements).Some Firms Have Combined A Portion Of These Responsibilities Usually Found In The Back Office, Particularly Those Related To Risk Management, Into What They Term A Middle Office Function. See Also Front Office.
<b>Back-To-Back Trades</b>	A Pair Of Transactions That Requires A Counterparty To Receive And Redeliver The Same Securities On The Same Day. The Transactions Involved May Be Outright Purchases And Sales Or Collateral Transactions (Repurchase Agreements Or Securities Loans). For Example, A Securities Dealer Might Buy And Sell The Same Securities For The Same Settlement Date In The Course Of Making Markets For Customers Or It Might Buy Securities For Inventory And Finance The Position Through A Repurchase Agreement.

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<b>Back-To-Back Transactions</b>	A Chain Of Securities Transactions Among Three Or More Counterparties Involving The Purchase And Sale Of A Single Security, For Settlement On A Single Date. The Most Simple Back-To-Back Trade Is A Pair Of Transactions In Which One Party Agrees To Purchase Securities From A Second Party And Then Agrees To Sell Them To A Third Party.
<b>Balance</b>	The Balance Is The Actual Amount Of Money That Is Left In The Account. Sometimes, The Term Balance Also Refers To Amount Of The Debt That Is Owed.
<b>Balance Transfer</b>	A Balance Transfer Is The Repayment Of A Credit Debt With The Help Of Another Source Of Credit. In Some Cases, Balance Transfer Also Refers To Transfer Of Funds From One Account To Another.
<b>Balance Transfer Fee</b>	The Balance Transfer Fee Is Charged By The Bank For The Transfer Of Balances From One Source Of Credit To Another. It Also Refers To The Transfer Of Fees From One Bank Account To Another.
<b>Balance-Based System</b>	An Electronic Money System In Which The Electronic Funds Are Stored On A Device As A Numeric Ledger, With Transactions Performed As Debits Or Credits To A Balance.
<b>Bancassurance</b>	Bancassurance Refers To The Distribution Of Insurance Products And The Insurance Policies Of Insurance Companies Which May Be Life Policies Or Non-Life Policies Like Home Insurance – Car Insurance, Medi-Policies And Others, By Banks As Corporate Agents Through Their Branches Located In Different Parts Of The Country By Charging A Fee.
<b>Bank</b>	A Bank Is An Establishment That Helps Individuals And Organizations, In The Issuing, Lending, Borrowing And Safeguarding Functions Of Money.
<b>Bank Account</b>	A Bank Account Is An Account Held By A Person With A Bank, With The Help Of Which The Account Holder Can Deposit, Safeguard His Money, Earn Interest And Also Make Check Payments.
<b>Bank Custodian</b>	A Bank Custodian Is Responsible For Maintaining The Safety Of Clients' Assets Held At One Of The Custodian'S Premises, A Sub-Custodian Facility Or An Outside Depository.

## **BANKING TERMS & GLOSSARY**

<b>Bank Debt</b>	A Bank Debt Is Basically Any Debt That Is Owed To A Bank, By Any Kind Of Consumer, Organization Or Corporation. The Debt May Be Anything From A Bank Loan To A Credit Card Debt Or An Overdraft That Has Been Used.
<b>Bank Draft</b>	In Europe, The Term Generally Refers To A Draft Drawn By A Bank On Itself. The Draft Is Purchased By The Payer And Sent To The Payee, Who Presents It To His Bank For Payment. That Bank Presents It To The Payer'S Bank For Reimbursement. In The United States, The Term Generally Refers To A Draft Or Cheque Drawn By A Bank On Itself Or On Funds Deposited With Another Bank. In The Case Of A Cashier'S Cheque, The Bank Is Both The Drawer And Drawee. In The Case Of A Teller'S Cheque, One Bank Is The Drawer And A Second Bank Is The Drawee. Bank Drafts May Be Written By A Bank For Its Own Purposes Or May Be Purchased By A Customer And Sent To A Payee To Discharge An Obligation. See Also Draft.
<b>Bank Examination</b>	Examination Of A Bank'S Assets, Income, And Expenses-As Well As Operations By Representatives Of Federal And State Bank Supervisory Authority-To Ensure That The Bank Is Solvent And Is Operating In Conformity With Banking Laws And Sound Banking Principles.
<b>Bank Ombudsman</b>	Bank Ombudsman Is The Authority To Look Into Complaints Against Banks In The Main Areas Of Collection Of Cheque / Bills, Issue Of Demand Drafts, Non-Adherence To Prescribed Hours Of Working, Failure To Honour Guarantee / Letter Of Credit Commitments, Operations In Deposit Accounts And Also In The Areas Of Loans And Advances Where Banks Flout Directions / Instructions Of Rbi. This Scheme Was Announced In 1995 And Is Functioning With New Guidelines From 2007. This Scheme Covers All Scheduled Banks, The Rrbs And Co-Operative Banks.
<b>Bank Reserves</b>	Deposits Held By Banks With The Central Bank.
<b>Bank Statement</b>	Periodically The Bank Provides A Statement Of A Customer'S Deposit Account. It Shows All Deposits Made, All Checks Paid, And Other Debits Posted During The Period (Usually One Month), As Well As The Current Balance.
<b>Banker'S Lien</b>	Bankers Lien Is A Special Right Of Lien Exercised By The Bankers, Who Can Retain Goods Bailed To Them As A Security For General Balance Of Account. Bankers Can Have This Right In The Absence Of A Contract To The Contrary.

## **BANKING TERMS & GLOSSARY**

<b>Banking Day</b>	A Business Day During Which An Office Of A Bank Is Open To The Public For Substantially All Of Its Banking Functions.
<b>Banking</b>	Accepting For The Purpose Of Lending Or Investment Of Deposits Of Money From Public, Repayable On Demand Or Otherwise And Withdraw Able By Cheques, Drafts, Order, Etc.
<b>Bankrupt</b>	A Bankrupt Person, Firm, Or Corporation Has Insufficient Assets To Cover Their Debts. The Debtor Seeks Relief Through A Court Proceeding To Work Out A Payment Schedule Or Erase Debts. In Some Cases, The Debtor Must Surrender Control Of All Assets To A Court-Appointed Trustee.
<b>Bankruptcy</b>	A Bankruptcy Refers To Economic Insolvency, Wherein The Person'S Assets Are Liquidated, To Pay Off All Liabilities With The Help Of A Bankruptcy Trustee Or A Court Of Law.
<b>Bankruptcy Advice</b>	Bankruptcy Advice Is Given By A Bankruptcy Lawyer Or A Bankruptcy Counseling Service, So That A Person Can Overcome Financial And Economic Difficulties After Bankruptcy.
<b>Bankruptcy Trustee</b>	A Bankruptcy Trustee Is An Individual Or A Corporation Or Any Organization That Is Appointed, In Case Of Bankruptcy, In Order To Represent The Interests Of The Bankruptcy Estate And The Insolvent Debtor According To Chapter 7, Chapter 11 And Chapter 13.
<b>Basel-Ii</b>	The Committee On Banking Regulations And Supervisory Practices, Popularity Known As Basel Committee, Submitted Its Revised Version Of Norms In June, 2004. Under The Revised Accord The Capital Requirement Is To Be Calculated For Credit, Market And Operational Risks. The Minimum Requirement Continues To Be 8% Of Capital Fund (Tier I & Ii Capital) Tier Ii Shall Continue To Be Not More Than 100% Of Tier I Capital.
<b>Basis Point</b>	One Hundredth Of 1%. A Measure Normally Used In The Statement Of Interest Rate E.G., A Change From 5.75% To 5.81% Is A Change Of 6 Basis Points. Bear Markets Unfavorable Markets Associated With Falling Prices And Investor Pessimism.
<b>Basis Risk</b>	The Risk Of Changes In The Basis, That Is, The Difference Between The Price Of A Futures Or Forward Contract And The Price Of The Underlying Asset.



## **BANKING TERMS & GLOSSARY**

<b>Batch</b>	The Transmission Or Processing Of A Group Of Payment Orders And/Or Securities Transfer Instructions As A Set At Discrete Intervals Of Time.
<b>Beneficial Ownership/Interest</b>	The Entitlement To Receive Some Or All Of The Benefits Of Ownership Of A Security Or Other Financial Instrument (Eg Income, Voting Rights, Power To Transfer). Beneficial Ownership Is Usually Distinguished From “Legal Ownership” Of A Security Or Financial Instrument. See Also Legal Ownership.
<b>Beneficiary</b>	A Person Who Is Entitled To Receive The Benefits Or Proceeds Of A Will, Trust, Insurance Policy, Retirement Plan, Annuity, Or Other Contract.
<b>Bid Price</b>	The Highest Price Offered By A Dealer To Purchase A Given Security.
<b>Bid-Ask Spread</b>	The Difference Between A Dealers’ S Bid And Ask Price.
<b>Bilateral Credit Limit</b>	See Credit Limit.
<b>Bilateral Net Settlement System</b>	A Settlement System In Which Participants’ Bilateral Net Settlement Positions Are Settled Between Every Bilateral Combination Of Participants. See Also Net Credit (Or Debit) Position.
<b>Bilateral Netting</b>	An Arrangement Between Two Parties To Net Their Bilateral Obligations. The Obligations Covered By The Arrangement May Arise From Financial Contracts, Transfers Or Both. See Also Multilateral Netting, Netting, Net Settlement.
<b>Bilateral Exposure</b>	One Party’S Exposure To Another Party.
<b>Bill Of Exchange</b>	A Written Order From One Party (The Drawer) To Another (The Drawee) To Pay A Specified Sum On Demand Or On A Specified Date To The Drawer Or To A Third Party Specified By The Drawer. Widely Used To Finance Trade And, When Discounted With A Financial Institution, To Obtain Credit. See Also Draft.
<b>Billing Cycle</b>	A Billing Cycle Is A Time Period That Covers The Credit Statement, That Usually Lasts For 25 Days.
<b>Billing Date</b>	The Month, Date, And Year When A Periodic Or Monthly Statement Is Generated. Calculations Have Been Performed For

## **BANKING TERMS & GLOSSARY**

	Appropriate Finance Charges, Minimum Payment Due, And New Balance.
<b>Billing Error</b>	A Charge That Appears On A Periodic Statement Associated With An Extension Of Credit (E.G., Credit Card) That • Was Not Authorized By The Cardholder Or The Cardholders' • Is Not Properly Identified, Anddesignee,• Was Not Accepted By The Cardholder Or The Cardholder'S Designee.A Billing Error Can Also Be Caused By A Creditor'S Failure To Credit A Payment Or Other Credit To An Account As Well As Accounting And Clerical Errors.
<b>Billing Statement</b>	A Billing Statement Is A Summary Of All Transactions, Payments, Purchases, Finance Charges And Fees, That Take Place Through A Credit Account During A Billing Cycle.
<b>Biometric</b>	Refers To A Method Of Identifying The Holder Of A Device By Measuring A Unique Physical Characteristic Of The Holder, Eg By Fingerprint Matching, Voice Recognition Or Retinal Scan.
<b>Bit</b>	The Basic Data Element A Binary Digit, Either 0 Or 1.
<b>Blue Chips</b>	Blue Chips Are Unsurpassed In Quality And Have A Long And Stable Record Of Earnings And Dividends. They Are Issued By Large And Well-Established Firms That Have Impeccable Financial Credentials.
<b>Bond</b>	A Bond Is A Certificate That Represents An Interest Bearing Debt, Where The Issuer Is Required To Pay A Sum Of Money Periodically Till The Maturity, And Then Receive Back The Accumulated Amount.
<b>Bond, U.S. Savings</b>	Savings Bonds Are Issued In Face Value Denominations By The U.S. Government In Denominations Ranging From \$50 To \$10,000. They Are Typically Long-Term, Low-Risk Investment Tools.
<b>Bond</b>	Publicly Traded Long-Term Debt Securities, Issued By Corporations And Governments, Whereby The Issuer Agrees To Pay A Fixed Amount Of Interest Over A Specified Period Of Time And To Repay A Fixed Amount Of Principal At Maturity.
<b>Book Value</b>	The Amount Of Stockholders' Equity In A Firm Equals The Amount Of The Firm'S Assets Minus The Firm'S Liabilities And Preferred Stock.

## **BANKING TERMS & GLOSSARY**

<b>Book-Entry System</b>	An Accounting System That Permits The Transfer Of Claims (Eg Electronic Transfer Of Securities) Without The Physical Movement Of Paper Documents Or Certificates. See Also Dematerialisation, Immobilisation.
<b>Borrower</b>	A Borrower Is The Party That Uses Any Kind Of Credit Facility And Thus, Becomes Obligated To Repay The Principal Amount And Interest On The Borrowed Amount.
<b>Bounced Check</b>	A Bounced Check Is Nothing But An Ordinary Bank Check That Any Bank Can Refuse To Encash Or Pay Because Of The Fact That There Are No Sufficient Finances In The Bank Account Of The Originator Or Drawer Of The Check.
<b>Bouncing Of A Cheque</b>	Where An Account Does Not Have Sufficient Balance To Honour The Cheque Issued By The Customer, The Cheque Is Returned By The Bank With The Reason "Funds Insufficient" Or "Exceeds Arrangement". This Is Known As 'Bouncing Of A Cheque'.
<b>Brick &amp; Mortar Banking</b>	Brick And Mortar Banking Refers To Traditional System Of Banking Done Only In A Fixed Branch Premises Made Of Brick And Mortar. Now There Are Banking Channels Like Atm, Internet Banking, Tele Banking Etc.
<b>Bridge</b>	The "Bridge" Is The Name Commonly Used For The Link Between Euroclear And Clearstream That Permits Cross-System Settlement Of A Trade Between A Participant In One Icsd (International Central Securities Depository) And A Participant In The Other Icsd.
<b>Bridge Financing</b>	Also Known As Gap Financing, Bridge Financing Is A Loan Where The Time And Cash Flow Between A Short Term Loan And A Long Term Loan Is Filled Up. Bridge Financing Begins At The End Of The Time Period Of The First Loan And Ends With The Start Of The Time Period Of The Second Loan, Thereby Bridging The Gap Between Two Loans. It Is Also Known As Gap Financing.
<b>Bridge Loan</b>	The Bridge Loan Also Known As A Swing Loan, Is Basically A Real Estate Loan Or A Home Loan, Where The Current Residence/Real Estate Is Pledged By The Borrower As A Collateral In Order To Purchase A New Residence. Read More On, What Is A Bridge Loan.

## **BANKING TERMS & GLOSSARY**

<b>Broker</b>	A Firm That Communicates Bid And Ask Levels To Potential Principals And Otherwise Arranges Transactions As Agent For A Fee, Without Acting As Counterparty In The Transactions.
<b>Brokerage Fee</b>	The Commission Charged By A Broker.
<b>Broker-Dealer</b>	A Person Or Firm Sometimes Acting As Broker And Sometimes As Principal Intermediary In Securities Transactions. A Broker Is A Firm That Communicates Bid And Ask Levels To Potential Principals And Otherwise Arranges Transactions As Agent For A Fee, Without Acting As Counterparty In The Transactions.
<b>Brute Force Attack</b>	A Method Of Cryptanalysis In Which Every Possible Cryptographic Key Is Tried.
<b>Bulk Funds Transfer System</b>	A Method Of Cryptanalysis In Which Every Possible Cryptographic Key Is Tried.
<b>Bull Markets</b>	Favorable Markets Associated With Rising Prices And Investor Optimism.
<b>Business Day</b>	Any Day On Which Offices Of A Bank Are Open To The Public For Carrying On Substantially All Of The Bank'S Business.
<b>Business Of Banking</b>	Accepting Deposits, Borrowing Money, Lending Money, Investing, Dealing In Bills, Dealing In Foreign Exchange, Hiring Lockers, Opening Safe Custody Accounts, Issuing Letters Of Credit, Travelers' Cheques, Doing Mutual Fund Business, Insurance Business, Acting As Trustee Or Doing Any Other Business Which Central Government May Notify In The Official Gazette.
<b>Business Continuity</b>	A Payment System'S Arrangements Which Aim To Ensure That It Meets Agreed Service Levels Even If One Or More Components Of The System Fail Or If It Is Affected By An Abnormal External Event. Include Both Preventative Measures And Arrangements To Deal With Contingencies.
<b>Buy-In</b>	A Purchase Of Securities In The Open Market By The Lender, Where The Borrower Is Not Able To Deliver The Securities To The Lender In Accordance With The Terms Of The Transaction (Eg On The Settlement Date). All Costs Are Borne By The Borrower In This Case.

## **BANKING TERMS & GLOSSARY**

<b>Byte</b>	A Series Of Eight Bits.
<b>Call Money</b>	A Loan Contract Which Is Automatically Renewed Every Day Unless The Lender Or The Borrower Indicates That It Wishes The Funds To Be Returned Within A Short Period Of Time.
<b>Call Option</b>	The Right To Buy The Underlying Securities At A Specified Exercise Price On Or Before A Specified Expiration Date.
<b>Callable Bonds</b>	Bonds That Give The Issuer The Right To Redeem The Bonds Before Their Stated Maturity.
<b>Canceled Check</b>	A Check That A Bank Has Paid, Charged To The Account Holder'S Account, And Then Endorsed. Once Canceled, A Check Is No Longer Negotiable.
<b>Cap</b>	A Cap Is A Limit That Regulates The Increase Or Decrease In The Rate Of Interest And Installments Of An Adjustable Rate Mortgage.
<b>Capital</b>	The Term 'Capital' Means The Total Net Worth Of Any Business Establishment, Organization Or Corporation Or The Total Amount Invested For Financial Returns. Reference To Know More On Capital You May Also Refer To Venture Capital
<b>Capital Gain</b>	The Amount By Which The Proceeds From The Sale Of A Capital Asset Exceed Its Original Purchase Price.
<b>Capital Improvement</b>	Capital Improvement Is The Addition In The Property Of An Organization That Adds To Its Additional Value.
<b>Capital Markets</b>	The Market In Which Long-Term Securities Such As Stocks And Bonds Are Bought And Sold.
<b>Capital Risk</b>	See Principal Risk.
<b>Caps</b>	Quantitative Limits On The Funds Transfer Activity Of IndividualParticipants In A System; Limits May Be Set By Each IndividualParticipant Or May Be Imposed By The Body Managing The System;Limits Can Be Placed On The Net Debit Position Or Net Credit PositionOf Participants In The System.



## **BANKING TERMS & GLOSSARY**

<b>Card</b>	See Cash Card, Cheque Guarantee Card, Chip Card, Credit Card, Debit Card, Delayed Debit Card, Prepaid Card, Retailer Card, Travel And Entertainment Card.
<b>Card Holders Agreement</b>	The Card Holder'S Agreement Is A Written Statement That Depicts All The Terms And Conditions Of A Credit Card Agreement. The Cardholders Agreement Constitutes Many Elements, Such As Rate Of Service Charges, Billing Dispute Remedies And Communications With The Credit Card Companies Or Service Providers.
<b>Card-Based Products</b>	Electronic Money Products Which Provide The Customer With A Portable, Specialised Computer Device, Typically An Ic Card Containing A Microprocessor Chip.
<b>Case Law</b>	Precedents Established In Previously Decided Court Cases That May Influence Future Interpretations Of Law Or The Disposition Of Future Court Cases.
<b>Cash</b>	Bills And Coins, Checks And Other Negotiable Instruments, That Are Acceptable At Banks And Are Considered To Be Liquid Assets Are Collectively Known As Cash.
<b>Cash Advance Fee</b>	Cash Advance Fee Is Basically Charged When A Person Uses A Credit Card To Obtain Cash. In Most Cases, It Is Charged As A Percentage To The Cash Advance.
<b>Cash Card</b>	Card For Use Only In Atms Or Cash Dispensers (Other Cards Often Have A Cash Function That Permits The Holder To Withdraw Cash).
<b>Cash Clearing</b>	A Method For Clearing Futures Contracts In Which Positions Are Periodically Marked To Market And Resulting Obligations Are Satisfied By Cash Payments, Known As Variation Margin. See Also Non-Cash Clearing And Variation Margin.
<b>Cash Deposit Risk</b>	The Credit Risk Associated With The Holding Of Cash Balances With An Intermediary For The Purpose Of Settling Securities Transactions.
<b>Cash Dispenser</b>	Electromechanical Device That Permits Consumers, Typically Using Machine-Readable Plastic Cards, To Withdraw Banknotes (Currency) And, In Some Cases, Coins. See Also Automated Teller Machine.

## **BANKING TERMS & GLOSSARY**

<b>Cash Flow</b>	The Cash Flow Is Often Defined As The Liquid Balance Of Cash As Well As The Bank Balance That Is Available With An Organization Or A Corporation. In Some Cases, The Cash Flow Is Also Defined As The Net Amount Of Cash That Is Generated By The Net Income That Has Been Generated By An Organization Or Corporation In A Particular Time Period.
<b>Cash Reserve</b>	The Cash Reserve Is The Total Amount Of Cash That Is Present In The Bank Account And Can Also Be Withdrawn Immediately.
<b>Cash Settlement Agent</b>	The Entity Whose Assets Are Used To Settle The Ultimate Payment Obligations Arising From Securities Transfers Within The Csd. Accounts With The Cash Settlement Agent Are Held By Settlement Banks Which Act On Their Own Behalf And May Also Offer Payment Services To Participants That Do Not Have Accounts With The Settlement Agent. See Also Settlement Agent.
<b>CashCorrespondents</b>	Banks (Or Similar Institutions) Used By The Sss To Make Or ReceivePayments.
<b>Cash Memorandum Accounts</b>	Records Kept By The Sss Of The Funds Due To Be Paid To Or Received By Participants In Conjunction With Their Securities Settlements; The Records Are For Information Purposes Only And Do Not Represent Legal Claims Or Liabilities Between The Sss And Its Participants.
<b>Cash-Driven Securities Lending Transactions</b>	Transactions Motivated By The Wish To Borrow/Invest A Cash Amount Through A Repo (Or Loan) Of Securities.
<b>Cashier'S Cheque</b>	See Bank Draft.
<b>Cashier'S Check</b>	The Cashier'S Check Is Drawn By A Bank On Its Own Name To May Payments Other Organizations, Banks, Corporations Or Even Individuals.
<b>Cease And Desist Letter</b>	A Letter Requesting That A Company Stops The Activity Mentioned In The Letter.
<b>Central Bank</b>	A Central Bank Is The Governing Authority Of All The Other Banks In A Country.
<b>Central Bank Bills</b>	Short-Term Securities Issued By The Central Bank Which Could Be Marketable Or Tradable.

## **BANKING TERMS & GLOSSARY**

<p><b>Central Bank Credit (Liquidity) Facility</b></p>	<p>A Standing Credit Facility That Can Be Drawn Upon By Certain Designated Account Holders (Eg Banks) At The Central Bank. In Some Cases, The Facility Can Be Used Automatically At The Initiative Of The Account Holder, While In Other Cases The Central Bank May Retain Some Degree Of Discretion. The Loans Typically Take The Form Either Of Advances Or Overdrafts On An Account Holder'S Current Account Which May Be Secured By A Pledge Of Securities (Also Known As Lombard Loans In Some European Countries), Or Of Traditional Rediscounting Of Bills.</p>
<p><b>Central Counterparty</b></p>	<p>An Entity That Is The Buyer To Every Seller And Seller To Every Buyer Of A Specified Set Of Contracts, Eg Those Executed On A Particular Exchange Or Exchanges.</p>
<p><b>Central Processing Unit</b></p>	<p>Area Of A Computer System (And Of An Ic Card) That Performs Computations.</p>
<p><b>Central Securities Depository</b></p>	<p>A Facility (Or An Institution) For Holding Securities, Which Enables Securities Transactions To Be Processed By Book Entry. Physical Securities May Be Immobilised By The Depository Or Securities May Be Dematerialised (Ie So That They Exist Only As Electronic Records).In Addition To Safekeeping, A Central Securities Depository May Incorporate Comparison, Clearing And Settlement Functions.</p>
<p><b>Certificate</b></p>	<p>Physical Document Which Evidences An Ownership Claim In,Indebtedness Of, Or Other Outstanding Financial Obligations Of The Issuer.</p>
<p><b>Certificate Of Deposit</b></p>	<p>A Negotiable Instrument Issued By A Bank In Exchange For Funds, Usually Bearing Interest, Deposited With The Bank.</p>
<p><b>Certificate Of Deposits (Cds)</b></p>	<p>Savings Instrument In Which Funds Must Remain On Deposit For A Specified Period And Premature Withdrawals Incur Interest Penalties.</p>
<p><b>Certificate Of Release</b></p>	<p>A Certificate Signed By A Lender Indicating That A Mortgage Has Been Fully Paid And All Debts Satisfied.</p>
<p><b>Certification Authority</b></p>	<p>An Entity Entrusted With Creating And Assigning Public Key Certificates.</p>

## **BANKING TERMS & GLOSSARY**

<b>Certified Check</b>	A Personal Check Drawn By An Individual That Is Certified (Guaranteed) To Be Good. The Face Of The Check Bears The Words "Certified" Or "Accepted," And Is Signed By An Official Of The Bank Or Thrift Institution Issuing The Check. The Signature Signifies That • The Signature Of The Drawer Is Genuine, And • Sufficient Funds Are On Deposit And Earmarked For Payment Of The Check.
<b>Cfd</b>	See Contract For Difference.
<b>Chaining</b>	A Method Used In Certain Transfer Systems (Mostly For Securities) For Processing Instructions. It Involves The Manipulation Of The Sequence In Which Transfer Instructions Are Processed To Increase The Number Or Value Of Transfers That May Be Settled With Available Funds And/Or Securities Balances (Or Available Credit Or Securities Lending Lines).
<b>Challengeresponse</b>	A Means Of Authentication In Which One Device Replies In A Predetermined Way To A Challenge From Another Device, Thus Proving Its Authenticity.
<b>Charge Card</b>	See Travel And Entertainment Card.
<b>Charge-Off</b>	The Balance On A Credit Obligation That A Lender No Longer Expects To Be Repaid And Writes Off As A Bad Debt.
<b>Check</b>	A Check Is A Negotiable Instrument That Instructs The Bank To Pay A Particular Amount Of Money From The Writer'S Bank, To The Receiver Of The Check.
<b>Check 21 Act</b>	Check 21 Is A Federal Law That Is Designed To Enable Banks To Handle More Checks Electronically, Which Is Intended To Make Check Processing Faster And More Efficient. Check 21 Is The Short Name For The Check Clearing For The 21St Century Act, Which Went Into Effect On October 28, 2004.
<b>Check Truncation</b>	The Conversion Of Data On A Check Into An Electronic Image After A Check Enters The Processing System. Check Truncation Eliminates The Need To Return Canceled Checks To Customers.
<b>Checking Account</b>	A Demand Deposit Account Subject To Withdrawal Of Funds By Check.

## **BANKING TERMS & GLOSSARY**

<b>Cheque</b>	A Written Order From One Party (The Drawer) To Another (The Drawee, Normally A Bank) Requiring The Drawee To Pay A Specified Sum On Demand To The Drawer Or To A Third Party Specified By The Drawer. Cheques May Be Used For Settling Debts And Withdrawing Money From Banks. See Also Bill Of Exchange.
<b>Cheque Truncation</b>	Cheque Truncation Truncates Or Stops The Flow Of Cheques Through The Banking System. Generally Truncation Takes Place At The Collecting Branch, Which Sends The Electronic Image Of The Cheques To The Paying Branch Through The Clearing House And Stores The Paper Cheques With It.
<b>Cheque Guarantee Card</b>	A Card Issued As Part Of A Cheque Guarantee System. This Function May Be Combined With Other Functions In The Same Card, Eg Those Of A Cash Card Or Debit Card. See Also Cheque Guarantee System.
<b>Cheque Guarantee System</b>	A System To Guarantee Cheques, Typically Up To A Specified Amount, That Have Been Validated By The Merchant Either On The Basis Of A Card Issued To The Cheque Writer Or Through A Central Database Accessible To Merchants. Validated Cheques Are Guaranteed By The Issuer Of The Guarantee Card, The Drawee Bank Or The System Operator.
<b>Chexsystems</b>	The Chexsystems, Inc. Network Is Comprised Of Member Financial Institutions That Regularly Contribute Information On Mishandled Checking And Savings Accounts To A Central Location. Chexsystems Shares This Information Among Member Institutions To Help Them Assess The Risk Of Opening New Accounts
<b>Chip Card</b>	Also Known As An Ic (Integrated Circuit) Card. A Card Containing One Or More Computer Chips Or Integrated Circuits For Identification, Data Storage Or Special Purpose Processing Used To Validate Personal Identification Numbers (Pins), Authorise Purchases, Verify Account Balances And Store Personal Records. In Some Cases, The Memory In The Card Is Updated Every Time The Card Is Used (Eg An Account Balance Is Updated).
<b>Choice Of Law</b>	A Contractual Provision By Which Parties Choose The Law That Will Govern Their Contract Or Relationship. Choice Of Law May Also Refer To The Question Of What Law Should Govern In The Case Of A Conflict Of Laws. See Also Conflict Of Laws.

## **BANKING TERMS & GLOSSARY**

<b>Ciphertext</b>	The Encrypted Form Of Data.
<b>Clearance</b>	The Term “Clearance” Has Two Meanings In The Securities Markets. It May Mean The Process Of Calculating The Mutual Obligations Of Market Participants, Usually On A Net Basis, For The Exchange Of Securities And Money. It May Also Signify The Process Of Transferring Securities On The Settlement Date, And In This Sense The Term “Clearing System” Is Sometimes Used To Refer To Securities Settlement Systems.
<b>Clearing</b>	Clearing Of A Check Is Basically A Function That Is Executed At The Clearing House, When All Amount Of The Check Is Subtracted From The Payer'S Account And Then Added To The Payee'S Account.
<b>Clearing And Settling Institution</b>	An Institution Which Transmits Information And Funds Through A Payment System Network. It May Operate As An Agent Or A Principal.
<b>Clearing House</b>	A Central Location Or Central Processing Mechanism Through Which Financial Institutions Agree To Exchange Payment Instructions Or Other Financial Obligations (Eg Securities). The Institutions Settle For Items Exchanged At A Designated Time Based On The Rules And Procedures Of The Clearing House. In Some Cases, The Clearing House May Assume Significant Counterparty, Financial Or Risk Management Responsibilities For The Clearing System. See Also Clearing/Clearance, Clearing System.
<b>Clearing House Funds</b>	Term Most Commonly Used In Certain Us Markets To Refer To Funds That Typically Are Provisional On The Day Of Receipt And Final On The Following Day. More Specifically, The Term Is Used To Refer To Monetary Claims With Next Day Finality That Are Exchanged By Participants In Certain Clearing House Arrangements In Settlement Of Obligations Arising From The Clearing Process. Such Claims Are Typically Transferred Via Cheques, Drafts Or Other Similar Payment.
<b>Clearing Link</b>	An Arrangement In Which The Same Contract Is Traded On Exchanges Affiliated With Two Clearing Houses But All Positions Are Transferred Daily To A Single Clearing House Where They Are Carried Until Expiration Or Offset. See Also Mutual Offset System.



## **BANKING TERMS & GLOSSARY**

<b>Clearing System</b>	A Set Of Procedures Whereby Financial Institutions Present And Exchange Data And/Or Documents Relating To Funds Or Securities Transfers To Other Financial Institutions At A Single Location (Clearing House). The Procedures Often Also Include A Mechanism For The Calculation Of Participants' Bilateral And/Or Multilateral Net Positions With A View To Facilitating The Settlement Of Their Obligations On ANet Or Net Net Basis. See Also Netting.
<b>Clearing Member</b>	A Member Of A Clearing House. All Trades Must Be Settled Through A Clearing Member. A Direct Clearing Member Is Able To Settle Only Its Own Obligations. A General Clearing Member Is Able To Settle Its Own Obligations As Well As Those Of Clients. Variations Of These Two Types Of Clearing Member May Also Exist.
<b>Clearing/ Clearance</b>	The Process Of Transmitting, Reconciling And, In Some Cases, Confirming Payment Orders Or Security Transfer Instructions Prior To Settlement, Possibly Including The Netting Of Instructions And The Establishment Of Final Positions For Settlement. Sometimes The Term Is Used (Imprecisely) To Include Settlement.
<b>Client</b>	A Party That Is Not A Member Of The Clearing House And Must Settle Through A Clearing Member. Also Known As Customer.
<b>Closed Network</b>	Telecommunications Network Used For A Specific Purpose, Such As A Payment System, And To Which Access Is Restricted.
<b>Closed-End (Mutual) Fund</b>	A Fund With A Fixed Number Of Shares Issued, And All Trading Is Done Between Investors In The Open Market. The Share Prices Are Determined By Market Prices Instead Of Their Net Asset Value.
<b>Closed-End Credit</b>	Generally, Any Credit Sale Agreement In Which The Amount Advanced, Plus Any Finance Charges, Is Expected To Be Repaid In Full By A Specified Date. Most Real Estate And Automobile Loans Are Closed-End Agreements.
<b>Closed-End Loan</b>	Generally, Any Loan In Which The Amount Advanced, Plus Any Finance Charges, Is Expected To Be Repaid In Full By A Specified Date. Most Real Estate And Automobile Loans Are Closed-End Agreements.
<b>Closeout</b>	The Process Of Offsetting Existing Contracts. Closeout May Be Used By The Clearing House To Prevent Further Losses From Positions Carried By An Entity That Has Defaulted.

## **BANKING TERMS & GLOSSARY**

<b>Closeout Netting</b>	A Special Form Of Netting Which Occurs Following Some Predefined Events Such As Default. Closeout Netting Is Intended To Reduce Exposures On Open Contracts If One Party Meets Certain Conditions Specified By The Contract (Eg Becomes Subject To Insolvency Procedures) Before The Settlement Date (Also Referred To As Default Netting, Open Contract Netting Or Replacement Contract Netting).
<b>Closing</b>	Closing Of An Account Is The Final Stage Of Any Transaction Where Both The Parties Receive Almost Equal Consideration From Each Other. The Term 'Closing' From Ledger Books Where The Two Accounts Are 'Closed Down' I.E. Both Debit And Credit Sides Become Equal.
<b>Closing (OrBack) Leg</b>	Second Leg Of A Pair Of Transactions In The Same Securities, Ie A Securities Lending Transaction - One For A Near Value Date, TheOther For A Value Date Further Into The Future. See Also Opening (Or Front) Leg.
<b>Closing A Mortgage Loan</b>	The Consummation Of A Contractual Real Estate Transaction In Which All Appropriate Documents Are Signed And The Proceeds Of The Mortgage Loan Are Then Disbursed By The Lender.
<b>Closing Costs</b>	The Expenses Incurred By Sellers And Buyers In Transferring Ownership In Real Property. The Costs Of Closing May Include The Origination Fee, Discount Points, Attorneys' Fees, Loan Fees, Title Search And Insurance, Survey Charge, Recordation Fees, And The Credit Report Charge.
<b>Co-Borrower</b>	The Co-Borrower Is A Person Who Signs A Promissory Note As A Guarantee That The Loan Would Be Repaid. Thus The Co-Borrower Plays The Role Of A Guarantor And Is Equally Responsible For The Loan.
<b>Collateral</b>	An Asset Or Third-Party Commitment That Is Accepted By The Collateral Taker To Secure An Obligation Of The Collateral Provider Vis-À-Vis The Collateral Taker.
<b>Collateral Pool</b>	Assets Owned By Members Of A Payment System That Are Collectively Available To The System As Collateral To Enable It To Obtain Funds In Circumstances Specified In Its Rules.

## **BANKING TERMS & GLOSSARY**

<p><b>Collateral Management Service</b></p>	<p>A Centralised Service That May Handle Any Of A Variety Of Collateral-Related Functions For A Client Firm, Including Valuation Of Collateral, Confirmation Of Valuations With Counterparties, Optimisation Of Collateral Usage And Transfer Of Collateral.</p>
<p><b>Collateral</b></p>	<p>Assets That Are Offered To Secure A Loan Or Other Credit. For Example, If You Get A Real Estate Mortgage, The Bank'S Collateral Is Typically Your House. Collateral Becomes Subject To Seizure On Default.</p>
<p><b>Collected Funds</b></p>	<p>Cash Deposits Or Checks That Have Been Presented For Payment And For Which Payment Has Been Received.</p>
<p><b>Collecting Banker</b></p>	<p>Also Called Receiving Banker, Who Collects On Instruments Like A Cheque, Draft Or Bill Of Exchange, Lodged With Himself For The Credit Of His Customer'S Account.</p>
<p><b>Collection Agency</b></p>	<p>A Company Hired By A Creditor To Collect A Debt That Is Owed. Creditors Typically Hire A Collection Agency Only After They Have Made Efforts To Collect The Debt Themselves, Usually Through Letters And Telephone Calls.</p>
<p><b>Collection Items</b></p>	<p>Items-Such As Drafts, Notes, And Acceptances-Received For Collection And Credited To A Depositor'S Account After Payment Has Been Received. Collection Items Are Usually Subject To Special Instructions And May Involve Additional Fees. Most Banks Impose A Special Fee, Called A Collection Charge, For Handling Collection Items.</p>
<p><b>Collective Investment Funds (Cifs)</b></p>	<p>A Collective Investment Fund (Cif) Is A Trust Created And Administered By A Bank Or Trust Company That Commingles Assets From Multiple Clients. The Federal Securities Laws Generally Require Entities That Pool Securities To Register Those Pooled Vehicles (Such As Mutual Funds) With The Sec. However, Congress Created Exemptions From These Registration Requirements For Cifs So Long As The Entity Offering These Funds Is A Bank Or Other Authorized Entity And So Long As Participation In The Fund Is Restricted To Only Those Customers Covered By The Exemption. If These Limitations Are Met, Cifs Are Exempt From Sec Registration And Reporting Requirements.</p>
<p><b>Co-Maker</b></p>	<p>A Person Who Signs A Note To Guarantee A Loan Made To Another Person And Is Jointly Liable With The Maker For Repayment Of The Loan. (Also Known As A Co-Signer.)</p>

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<p><b>Combination Of An Outright Sale With Put And Call Option</b></p>	<p>A Derivative Financial Arrangement That Has A Similar Economic Effect To A Securities Lending Transaction. In This Arrangement, A Dealer Simultaneously (1) Sells Shares Outright To A Cash Investor, Receiving Market Value, (2) Purchases Otc At-The-Money Call Options From The Cash Investor Giving The Dealer The Right To Buy The Shares At A Specified Date At The Original Price, And (3) Sells To The Cash Investor Otc At-The-Money Put Options That Give The Cash Investor The Right To Sell The Shares At The Original Price. This Results In The Dealer Having A Synthetic Long Position Of The Shares, Retaining Any Positive Or Negative Return On The Shares, While The Cash Investor Is Hedged Against A Loss On The Value Of The Shares, But Must Also Pay Away Any Gain To The Dealer. The Options Are Cash-Settled At Expiration. An Option Pricing Model Will Produce Premiums For The Put And The Call Which Net Out To A Predetermined Financing Cost.</p>
<p><b>Commercial Paper</b></p>	<p>Short-Term And Unsecured Promissory Notes Issued By Corporations With Very High Credit Standings.</p>
<p><b>Committed Facilities</b></p>	<p>Facilities (For Example, Lines Of Credit Or Repo Facilities) Under Which The Provider Is Contractually Committed To Advance Funds In Defined Circumstances. See Also Repurchase Agreement.</p>
<p><b>Common Stock</b></p>	<p>Equity Investment Representing Ownership In A Corporation; Each Share Represents A Fractional Ownership Interest In The Firm.</p>
<p><b>Community Reinvestment Act</b></p>	<p>The Act Is Intended To Encourage Depository Institutions To Help Meet The Credit Needs Of The Communities In Which They Operate, Including Low- And Moderate-Income Neighborhoods. It Was Enacted By The Congress In 1977.</p>
<p><b>Comparison</b></p>	<p>See Matching.</p>
<p><b>Compound Interest</b></p>	<p>Interest Paid Not Only On The Initial Deposit But Also On Any Interest Accumulated From One Period To The Next.</p>
<p><b>Confidentiality</b></p>	<p>The Quality Of Being Protected Against Unauthorised Disclosure.</p>

## **BANKING TERMS & GLOSSARY**

<b>Confirmation</b>	A Particular Connotation Of This Widely Used Term Is The Process Whereby A Market Participant Notifies Its Counterparties Or Customers Of The Details Of A Trade And, Typically, Allows Them Time To Affirm Or To Question The Trade.
<b>Confirmation Process</b>	The Procedure For Verifying Trade Details With A Counterparty. This Is Generally Done By Exchanging Via Fax Or Mail A Document (Ie A Confirmation) Identifying The Trade Details And Any Governing Legal Documentation And Verifying The Accuracy Of The Information Provided By The Counterparty (Ie Matching).
<b>Conflict Of Laws</b>	An Inconsistency Or Difference In The Laws Of Jurisdictions That Have A Potential Interest In A Transaction. Each Jurisdiction'S Conflict Of Laws Rules Specify The Criteria That Determine The Law Applicable In Such A Case.
<b>Consumer Credit</b>	Consumer Credit Is The Credit And Loan Facility That Is Provided To The Consumer For The Purchase Of Goods, Services And Real Estate Property. Most Consumer Credit Is Unsecured With The Help Of A Collateral .
<b>Consumer Credit Counseling Service</b>	A Service Which Specializes In Working With Consumers Who Are Overextended With Debts And Need To Make Arrangements With Creditors.
<b>Consumer Protection Act</b>	It Is Implemented From 1987 To Enforce Consumer Rights Through A Simple Legal Procedure. Banks Also Are Covered Under The Act. A Consumer Can File Complaint For Deficiency Of Service With Consumer District Forum For Amounts Upto Rs.20 Lacs In District Court, And For Amounts Above Rs.20 Lacs To Rs.1 Crore In State Commission And For Amounts Above Rs.1 Crore In National Commission.
<b>Consumer Reporting Agency</b>	An Agency That Regularly Collects Or Evaluates Individual Consumer Credit Information Or Other Information About Consumers And Sells Consumer Reports For A Fee To Creditors Or Others. Typical Clients Include Banks, Mortgage Lenders, Credit Card Companies, And Other Financing Companies.
<b>Contact Cards</b>	Cards That Require Physical Contact Through An Electronic Connection Surface Between The Card And The Card Reader Or Terminal Device.
<b>Contactless Cards</b>	Cards That Do Not Require Physical Contact Between The Card AndThe Card Reader Or Terminal.

## **BANKING TERMS & GLOSSARY**

<p><b>Contract For Difference</b></p>	<p>A Financial Contract In Which The Difference Between The Agreed Fixed Price Of An Asset And Its Prevailing Market Price Is Periodically Credited To The Counterparty In The Money. Since There Is No Transfer Of Principal, A Cfd Covers Hedging Or Speculative Needs.</p>
<p><b>Contract Law</b></p>	<p>Body Of Law Concerned With Making And Enforcing Arrangements.</p>
<p><b>Contract Note</b></p>	<p>A Note Which Must Accompany Every Security Transaction Which Contains Information Such As The Dealer'S Name (Whether He Is Acting As Principal Or Agent) And The Date Of Contract.</p>
<p><b>Contractual Income Collection</b></p>	<p>A Contractual Commitment By A Custodian To Credit A Customer'S Cash Account With Interest, Dividend Or Tax Refund Payments On The Date On Which The Payments Are Scheduled, Regardless Of Whether The Custodian Has Actually Received The Payment. Usually Such Credits Are Provisional And Are Reversed If The Custodian Does Not Receive The Payment Within An Interval Established By The Custodian.</p>
<p><b>Contractual Settlement Date Accounting</b></p>	<p>A Contractual Commitment By A Custodian To Credit And Debit A Customer'S Cash And Securities Accounts, As Appropriate, On The Date On Which The Customer'S Contract With Its Counterparty Provides For Settlement (The Contractual Settlement Date), Regardless Of Whether Settlement Has Actually Occurred. Usually These Credits And Debits Are Provisional And Are Reversed If Settlement Does Not Occur Within An Interval Established By The Custodian.</p>
<p><b>Controlling Shareholder</b></p>	<p>Any Person Who Is, Or Group Of Persons Who Together Are, Entitled To Exercise Or Control The Exercise Of A Certain Amount Of Shares In A Company At A Level (Which Differs By Jurisdiction) That Triggers A Mandatory General Offer, Or More Of The Voting Power At General Meetings Of The Issuer, Or Who Is Or Are In A Position To Control The Composition Of A Majority Of The Board Of Directors Of The Issuer.</p>
<p><b>Conventional Fixed Rate Mortgage</b></p>	<p>A Fixed-Rate Mortgage Offers You A Set Interest Rate And Payments That Do Not Change Throughout The Life, Or "Term," Of The Loan. A Conventional Fixed-Rate Loan Is Fully Paid Off Over A Given Number Of Years-Usually 15, 20, Or 30. A Portion Of Each Monthly Payment Goes Towards Paying Back The Money Borrowed, The "Principal"; The Rest Is "Interest."</p>



## **BANKING TERMS & GLOSSARY**

<b>Convertible Bond</b>	A Bond With An Option, Allowing The Bondholder To Exchange The Bond For A Specified Number Of Shares Of Common Stock In The Firm. A Conversion Price Is The Specified Value Of The Shares For Which The Bond May Be Exchanged. The Conversion Premium Is The Excess Of The Bond'S Value Over The Conversion Price.
<b>Co-Operative Bank</b>	An Association Of Persons Who Collectively Own And Operate A Bank For The Benefit Of Consumers / Customers, Like Saraswat Co-Operative Bank Or Abhyudaya Co-Operative Bank And Other Such Banks.
<b>Co-Operative Society</b>	When An Association Of Persons Collectively Own And Operate A Unit For The Benefit Of Those Using Its Services Like Apna Bazar Co-Operative Society Or Sahakar Bhandar Or A Co-Operative Housing Society.
<b>Core Banking Solutions (Cbs)</b>	Core Banking Solutions Is A Buzz Word In Indian Banking At Present, Where Branches Of The Bank Are Connected To A Central Host And The Customers Of Connected Branches Can Do Banking At Any Branch With Core Banking Facility.
<b>Corporate Bond</b>	Long-Term Debt Issued By Private Corporations.
<b>Correspondent Banking</b>	An Arrangement Under Which One Bank (Correspondent) Holds Deposits Owned By Other Banks (Respondents) And Provides Payment And Other Services To Those Respondent Banks. Such Arrangements May Also Be Known As Agency Relationships In Some Domestic Contexts. In International Banking, Balances Held For A Foreign Respondent Bank May Be Used To Settle Foreign Exchange Transactions. Reciprocal Correspondent Banking Relationships May Involve The Use Of So-Called Nostro And Vostro Accounts To Settle Foreign Exchange Transactions.
<b>Co-Signer</b>	An Individual Who Signs The Note Of Another Person As Support For The Credit Of The Primary Signer And Who Becomes Responsible For The Obligation. (Also Known As A Co-Maker.)
<b>Counterparty</b>	The Opposite Party To A Financial Transaction Such As A Securities Trade Or Swap Agreement.
<b>Counterparty Credit Limits</b>	Limits Set By A Trading Party To Restrict The Largest Amount Of Its Credit Exposures To Different Counterparties.
<b>Coupon Frequency</b>	The Number Of Coupon Payments Per Year.

## **BANKING TERMS & GLOSSARY**

<b>Coupon Rate</b>	The Annual Rate Of Interest On The Bond'S Face Value That A Bond'S Issuer Promises To Pay The Bondholder. It Is The Bond'S Interest Payment Per Dollar Of Par Value.
<b>Coupon</b>	The Feature On A Bond That Defines The Amount Of Annual Interest Income.
<b>Covered Warrants</b>	Derivative Call Warrants On Shares Which Have Been Separately Deposited By The Issuer So That They Are Available For Delivery Upon Exercise.
<b>Cpu</b>	See Central Processing Unit.
<b>Credit Application</b>	A Form To Be Completed By An Applicant For A Credit Account, Giving Sufficient Details (Residence, Employment, Income, And Existing Debt) To Allow The Seller To Establish The Applicant'S Creditworthiness. Sometimes, An Application Fee Is Charged To Cover The Cost Of Loan Processing.
<b>Credit Bureau</b>	An Agency That Collects Individual Credit Information And Sells It For A Fee To Creditors So They Can Make A Decision On Granting Loans. Typical Clients Include Banks, Mortgage Lenders, Credit Card Companies, And Other Financing Companies. Also Commonly Referred To As A Consumer Reporting Agency Or A Credit Reporting Agency.
<b>Credit Caps</b>	See Caps.
<b>Credit Card</b>	A Card Indicating That The Holder Has Been Granted A Line Of Credit. It Enables The Holder To Make Purchases And/Or Withdraw Cash Up To A Prearranged Ceiling; The Credit Granted Can Be Settled In Full By The End Of A Specified Period Or Can Be Settled In Part, With The Balance Taken As Extended Credit. Interest Is Charged On The Amount Of Any Extended Credit And The Holder Is Sometimes Charged An Annual Fee.
<b>Credit Card Account Agreement</b>	A Written Agreement That Explains The• Terms And Conditions Of The Account,• Credit Usage And Payment By The Cardholder, And• Duties And Responsibilities Of The Card Issuer.
<b>Credit Card Debt Consolidation Loan</b>	Credit Card Debt Consolidation Loan Is Aailed From A Bank In Order To Pay Off All Credit Card Debts.

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<b>Credit Card Issuer</b>	Any Financial Institution That Issues Bank Cards To Those Who Apply For Them.
<b>Credit Card Company</b>	A Company Which Owns The Trademark Of A Particular Credit Card, And May Also Provide A Number Of Marketing, Processing Or Other Services To Its Members Using The Card Services.
<b>Credit Counseling</b>	Credit Counseling Is A Consultancy Session Where The Credit Counselor Suggests Debt Relief Solutions And Debt Management Solutions To The Clients.
<b>Credit Disability Insurance</b>	A Type Of Insurance, Also Known As Accident And Health Insurance, That Makes Payments On The Loan If You Become Ill Or Injured And Cannot Work.
<b>Credit Life Insurance</b>	A Type Of Life Insurance That Helps Repay A Loan If You Should Die Before The Loan Is Fully Repaid. This Is Optional Coverage.
<b>Credit Limit</b>	Limit On The Credit Exposure A Payment System Participant Incurs Vis-À-Vis Another Participant (Bilateral Credit Limit) Or Vis-À-Vis All Other Participants (Multilateral Credit Limit) As A Result Of Receiving Payments That Have Not Yet Been Settled.
<b>Credit Rating</b>	An Assessment Of The Likelihood Of An Individual Or Business Being Able To Meet Its Financial Obligations. Credit Ratings Are Provided By Credit Agencies Or Rating Agencies To Verify The Financial Strength Of The Issuer For Investors.
<b>Credit Repair Organization</b>	A Person Or Organization That Sells, Provides, Performs, Or Assists In Improving A Consumer'S Credit Record, Credit History Or Credit Rating (Or Says That That They Will Do So) In Exchange For A Fee Or Other Payment. It Also Includes A Person Or Organization That Provides Advice Or Assistance About How To Improve A Consumer'S Credit Record, Credit History Or Credit Rating. There Are Some Important Exceptions To This Definition, Including Many Non-Profit Organizations And The Creditor That Is Owed The Debt.
<b>Credit Report</b>	A Detailed Report Of An Individual'S Credit History Prepared By A Credit Bureau And Used By A Lender In Determining A Loan Applicant'S Creditworthiness.

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<b>Credit Score</b>	A Number, Roughly Between 300 And 800, That Measures An Individual'S Credit Worthiness. The Most Well-Known Type Of Credit Score Is The Fico® Score. This Score Represents The Answer From A Mathematical Formula That Assigns Numerical Values To Various Pieces Of Information In Your Credit Report.
<b>Credit Transfer</b>	A Payment Order Or Possibly A Sequence Of Payment Orders Made For The Purpose Of Placing Funds At The Disposal Of The Beneficiary. Both The Payment Instructions And The Funds Described Therein Move From The Bank Of The Payer/Originator To The Bank Of The Beneficiary, Possibly Via Several Other Banks As Intermediaries And/Or More Than One Credit Transfer System.
<b>Credit Transfer System</b>	A Funds Transfer System Through Which Payment Orders Move From (The Bank Of) The Originator Of The Transfer Message Or Payer To (The Bank Of) The Receiver Of The Message Or Beneficiary.
<b>Credit Institution</b>	The Definition Given To A “Bank” In The European Union. The First Ec Banking Directive Defines It As An Undertaking Whose Business Is To Receive Deposits Or Other Repayable Funds From The Public And To Grant Credits For Its Own Account.
<b>Credit Risk/Exposure</b>	The Risk That A Counterparty Will Not Settle An Obligation For Full Value, Either When Due Or At Any Time Thereafter. In Exchange-For-Value Systems, The Risk Is Generally Defined To Include Replacement Cost Risk And Principal Risk.
<b>Creditworthiness</b>	It Is The Capacity Of A Borrower To Repay The Loan / Advance In Time Along With Interest As Per Agreed Terms.
<b>Cross-Border Netting Scheme</b>	An Arrangement To Net Positions Or Obligations Between Or Among Parties In More Than One Country Or Jurisdiction. See Also Netting.
<b>Cross-Border Settlement</b>	An Arrangement To Net Positions Or Obligations Between Or Among Parties In More Than One Country Or Jurisdiction. See Also Netting.
<b>Cross-Border Trade</b>	A Settlement That Takes Place In A Country Other Than The Country In Which One Trade Counterparty Or Both Are Located.
<b>Cross-Currency</b>	

## **BANKING TERMS & GLOSSARY**

<b>Settlement Risk</b>	A Trade Between Counterparties Located In Different Countries.
<b>Crossing Of Cheques</b>	Crossing Refers To Drawing Two Parallel Lines Across The Face Of The Cheque. A Crossed Cheque Cannot Be Paid In Cash Across The Counter, And Is To Be Paid Through A Bank Either By Transfer, Collection Or Clearing. A General Crossing Means That Cheque Can Be Paid Through Any Bank And A Special Crossing, Where The Name Of A Bank Is Indicated On The Cheque, Can Be Paid Only Through The Named Bank.
<b>Crossmargining Agreement</b>	A Trade That Requires Cross-Border Settlement.
<b>Cross-System Settlement</b>	A Settlement Of A Trade That Is Effected Through A Link Between Two Separate Securities Transfer Systems.
<b>Cryptanalysis</b>	Area Of Cryptography Dedicated To Studying And Developing Methods By Which, Without Prior Knowledge Of The Cryptographic Key, Plaintext May Be Deduced From Ciphertext.
<b>Cryptographic Algorithm</b>	A Mathematical Function Used In Combination With A Key That Is Applied To Data To Ensure Confidentiality, Data Integrity And/Or Authentication. Also Called Cipher.
<b>Cryptography</b>	The Application Of Mathematical Theory To Develop Techniques And Algorithms That Can Be Applied To Data To Ensure Goals Such As Confidentiality, Data Integrity And/Or Authentication.
<b>Csd</b>	See Central Securities Depository.
<b>Csda</b>	See Contractual Settlement Date Accounting.
<b>Currency Board</b>	A Monetary System In Which The Monetary Base Is Fully Backed By Foreign Reserves. Any Changes In The Size Of The Monetary Base Have To Be Fully Matched By Corresponding Changes In The Foreign Reserves.
<b>Current Account</b>	Current Account With A Bank Can Be Opened Generally For Business Purpose. There Are No Restrictions On Withdrawals In This Type Of Account. No Interest Is Paid In This Type Of Account.
<b>Current Yield</b>	A Return Measure That Indicates The Amount Of Current Income A Bond Provides Relative To Its Market Price. It Is Shown As Coupon Rate Divided By Price Multiplied By 100%.

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<b>Current Exposure</b>	The Loss That Would Be Incurred Today On A Contract Or Set Of Contracts If A Counterparty Failed To Perform On Its Obligations. Also Known As Replacement Cost, Current Exposure Is What It Would Cost To Replace A Given Contract If The Counterparty Defaulted Now. See Also Potential Future Exposure.
<b>Custodian</b>	An Entity, Often A Bank, That Safekeeps And Administers Securities For Its Customers And That May Provide Various Other Services, Including Clearance And Settlement, Cash Management, Foreign Exchange And Securities Lending.
<b>Custody</b>	The Safekeeping And Administration Of Securities And Financial Instruments On Behalf Of Others.
<b>Custody Of Securities</b>	Registration Of Securities In The Name Of The Person To Whom A Bank Is Accountable, Or In The Name Of The Bank'S Nominee; Plus Deposition Of Securities In A Designated Account With The Bank'S Bankers Or With Any Other Institution Providing Custodial Services.
<b>Custody Risk</b>	The Risk Of Loss Of Securities Held In Custody Occasioned By The Insolvency, Negligence Or Fraudulent Action Of The Custodian Or Of A Subcustodian.
<b>Custody-Only Link</b>	A Link Between Two Securities Settlement Systems (Ssss) Which Enables Transactions In Securities Held In Sss1 To Be Settled Using Sss2 (Rather Than Sss1) When The Buyer And Seller Are Both Participants In Sss2. Custody-Only Links Do Not Provide For The Transfer Of Funds Between Sss1 And Sss2 And Cannot Be Used ToSettle Transactions Between A Participant In Sss1 And AParticipant In Sss2.
<b>Customer</b>	A Buyer, Seller Or Holder Of Securities And Financial Instruments That Does Not Participate Directly In A System. A Participant'S Holdings In A System Often Include Securities And Financial Instruments Of Which The Participant'S Customers Are The Beneficial Owners.
<b>Customer-ToCustomer Transfer</b>	See Transferability.
<b>Cut-Off Time</b>	A Time Of Day Established By A Bank For Receipt Of Deposits. After The Cut-Off Time, Deposits Are Considered Received On The Next Banking Day.



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<b>Daily Settlement</b>	Completion Of Settlement On The Day Of Value Of All Payments Accepted For Settlement.
<b>Daily Processing</b>	Complete Cycle Of Processing Tasks That Need To Be Completed In A Typical Business Day, From Start-Of-Day Procedures To End-Of-Day Procedures Including Backing-Up Of Data.
<b>Data Encryption Standard</b>	A Symmetric Cryptographic Algorithm (Ansi Standard) That Is Widely Used, In Particular In The Financial Industry. Triple Des Consists Of Operating Three Times On A Set Of Data (Encryptingdecrypting-Encrypting) Using A Double-Length Des Key.
<b>Day Of Value</b>	Day On Which A Payment Is Due To Be Credited To The Receiving Participant In The Payment System. The Day Of Value For The Receiving Participant'S Customer (That Is, The Day On Which The Receiving Participant Credits The Customer In Its Books) May Or May Not Be The Same Day, Depending On Specific Arrangements Or Local Practice.
<b>Daylight Credit</b>	Credit Extended For A Period Of Less Than One Business Day; In A Credit Transfer System With End-Of-Day Final Settlement, Daylight Credit Is Tacitly Extended By A Receiving Institution If It Accepts And Acts On A Payment Order Even Though It Will Not Receive Final Funds Until The End Of The Business Day. Also Called Daylight Overdraft, Daylight Exposure And Intraday Credit.
<b>Dbv</b>	See Delivery By Value.
<b>Dealer</b>	A Firm That Enters Into Transactions As A Counterparty On Both Sides Of The Market In One Or More Products. Otc Derivatives Dealers Are Primarily Large International Financial Institutions - Mostly Commercial Banks But Also Some Securities Firms And Insurance Companies - As Well As A Few Affiliates Of What Are Primarily Non-Financial Firms. See Also End User.
<b>Debentures</b>	Debentures Are Long Term Corporate Bonds That Are Unsecured In Nature. It Must Be Noted That Debentures Holders Are Not Protected By Any Collateral And Tend To Be Treated Like Ordinary Creditors

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<b>Debit</b>	Debit Is A Banking Term That Indicates The Amount Of Money That Is Owed By A Borrower. It Also Indicates The Amount That Is Payable, Or The Amount That Has Been Deducted From An Account. The Origin Of The Term Is From The Concept Of Debit Side Of A Ledger Account.
<b>Debit Balance</b>	See Net Credit (Or Debit) Position.
<b>Debit Caps</b>	See Caps.
<b>Debit Card</b>	Card Enabling The Holder To Have His Purchases Directly Charged To Funds On His Account At A Deposit-Taking Institution (May Sometimes Be Combined With Another Function, Eg That Of A Cash Card Or Cheque Guarantee Card).
<b>Debit Transfer System</b>	A Funds Transfer System In Which Debit Collection Orders Made Or Authorised By The Payer Move From (The Bank Of) The Payee To (The Bank Of) The Payer And Result In A Charge (Debit) To The Account Of The Payer; For Example, Cheque-Based Systems Are Typical Debit Transfer Systems. Also Called Debit Collection System.
<b>Debt</b>	A Debt Is Any Amount That Is Owed By An Individual, Organization Or Corporation To A Bank.
<b>Debt Book-Entry System</b>	A Computerised System For The Issue And Registration Of Debt Securities In Book-Entry Form. See Also Book-Entry System, Share Book-Entry System.
<b>Debt Collector</b>	Any Person Who Regularly Collects Debts Owed To Others.
<b>Debt Consolidation Loan</b>	A Debt Consolidation Loan Is A Type Of Loan, Where The Bank Or The Lending Institution Provides The Borrower With A Loan That Helps The Borrower To Pay Off All His Previous Debts.
<b>Debt Elimination Scheme</b>	A Debt Elimination Scheme Is A Plan That Is Advertised As A Way For An Individual To Eliminate Various Types Of Debt Simply By Paying Someone A Small Fee Compared To The Amount Of Debt To Be Eliminated. These Schemes Are Fraudulent.

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<b>Debt Management</b>	Debt Management Is A Process Of Managing Debts And Repaying Creditors. Debt Management Is A Very Broad Concept Covering Almost Anything Related To Debts And Their Repayment.
<b>Debt Recovery</b>	Debt Recovery Is The Process That Is Initiated By The Banks And Lending Institutions, By Various Procedures Like Debt Settlement Or Selling Of Collaterals.
<b>Debt Repayment</b>	Debt Repayment Is The Total Process Repayment Of A Debt Along With The Interest. Sometimes, The Consolidation That Is Provided Is Also Included In Debt Repayment.
<b>Debt Settlement</b>	Debt Settlement Is A Procedure Wherein A Person In Debt Negotiates The Price With The Lender Of A Loan, In Order To Reduce The Installments And The Rate Of Repayment, And Make Sure A Fast And Guaranteed Repayment.
<b>Debtor</b>	Someone Who Owes Monies To Another Party.
<b>Debt-To-Income Ratio (Dti)</b>	The Percentage Of A Consumer'S Monthly Gross Income That Goes Toward Paying Debts. Generally, The Higher The Ratio, The Higher The Perceived Risk. Loans With Higher Risk Are Generally Priced At A Higher Interest Rate.
<b>Decedent</b>	A Deceased Person, Ordinarily Used With Respect To One Who Has Died Recently.
<b>Deed</b>	A Deed Is A Very Important Document That Indicates The Ownership Of An Asset, Especially A Real Estate. The Deed Is Also Used To Convey The Property From The Seller To The Buyer.
<b>Default</b>	A Default Is A Scenario Where The Debtors Of A Bank Are Unable To Repay The Debt Or The Loan.
<b>Defaulter Pays</b>	A Loss-Sharing Arrangement Where Each Participant Is Required To Collateralise Any Exposures It Creates For Other Participants. As A Result, Losses From A Party'S Default Are Borne By The Defaulting Party.
<b>Deferred Net Settlement System</b>	A System That Effects The Settlement Of Obligations Or Transfers Between Or Among Counterparties On A Net Basis At Some Later Time.

## **BANKING TERMS & GLOSSARY**

<b>Deferred Payment</b>	A Payment Postponed Until A Future Date.
<b>Delayed Debit Card</b>	Card Issued By Banks Indicating That The Holder May Charge His Account Up To An Authorised Limit. It Enables Him To Make Purchases But Does Not Offer Extended Credit, The Full Amount Of The Debt Incurred Having To Be Settled At The End Of A Specified Period. The Holder Is Usually Charged An Annual Fee.
<b>Deletion</b>	A Mechanism Whereby Some Or All Transfers To/From A Defaulting Participant Are Excluded From The Settlement Process. In A Netting Scheme, Other Participants' Bilateral And/Or Multilateral Net Positions Are Recalculated. See Also Unwinding.
<b>Delinquency</b>	A Debt That Was Not Paid When Due.
<b>Delivery</b>	Final Transfer Of A Security Or Financial Instrument.
<b>Delivery By Value</b>	A Mechanism In Some Settlement Systems To Assist A Participant To Borrow Money From Or Lend Money To Another Participant Against Collateral Held In The System. The System Will Select And Deliver Securities (Based On The Preset Specifications Of The Giver And The Taker) To The Appropriate Party And Arrange That Equivalent Securities Be Returned The Following Business Day.
<b>Delivery Versus Delivery</b>	A Link Between Two Securities Transfer (Settlement) Systems That Ensures That A Delivery Occurs If, And Only If, Another Delivery Occurs And Vice Versa.
<b>Delivery Versus Payment</b>	A Link Between A Securities Transfer System And A Funds Transfer System That Ensures That Delivery Occurs If, And Only If, Payment Occurs.
<b>Delivery-Versuspayment System</b>	A Mechanism In An Exchange-For-Value Settlement System That Ensures That The Final Transfer Of One Asset Occurs If And Only If The Final Transfer Of (An)Other Asset(S) Occurs. Assets Could Include Monetary Assets (Such As Foreign Exchange), Securities Or Other Financial Instruments. See Also Exchange-For-Value Settlement System, Final Transfer.
<b>Demand Deposit</b>	A Demand Deposit Is An Account That Is Used As A Checking Account.

## **BANKING TERMS & GLOSSARY**

<b>Demat Account</b>	Demat Account Concept Has Revolutionized The Capital Market Of India. When A Depository Company Takes Paper Shares From An Investor And Converts Them In Electronic Form Through The Concerned Company, It Is Called Dematerialization Of Shares. These Converted Share Certificates In Electronic Form Are Kept In A Demat Account By The Depository Company, Like A Bank Keeps Money In A Deposit Account. Investor Can Withdraw The Shares Or Purchase More Shares Through This Demat Account.
<b>Dematerialisation</b>	The Elimination Of Physical Certificates Or Documents Of Title Which Represent Ownership Of Securities So That Securities Exist Only As Accounting Records.
<b>Deposit Slip</b>	A Deposit Slip Is A Bill Of Itemized Nature And Depicts The Amount Of Paper Money, Coins And The Check Numbers That Are Being Deposited Into A Bank Account.
<b>Depositor</b>	The Person Who Deposits Money Into A Bank Account Is Called A Depositor.
<b>Depository</b>	An Agent With The Primary Role Of Recording Securities Either Physically Or Electronically And Keeping Records Of The Ownership Of These Securities.
<b>Depository Institution</b>	The Definition Given To A "Bank" In The United States. Under The Depository Deregulation And Monetary Control Act, All Depository Institutions, Including Commercial Banks, Savings And Loan Associations, Mutual Savings Banks And Credit Unions, Are Authorised To Issue Demand Or Time Deposits To Individuals And Non-Profit Organisations.
<b>Depository Receipt</b>	An Instrument Issued In One Country That Establishes An Entitlement To A Security Held In Custody In Another Country.
<b>Depreciation</b>	The Degradation In The Book And Monetary Value Of A Fixed Asset As A Result Of Wear And Tear In The Course Of Time.
<b>Derivative</b>	A Financial Contract The Value Of Which Depends On The Value Of One Or More Underlying Reference Assets, Rates Or Indices. For Analytical Purposes, All Derivatives Contracts Can Be Divided Into Basic Building Blocks Of Forward Contracts, Options Or Combinations Thereof.

## **BANKING TERMS & GLOSSARY**

<b>Derivative Call (Put) Warrants</b>	Warrants Issued By A Third Party Which Grant The Holder The Right To Buy (Sell) The Shares Of A Listed Company At A Specified Price.
<b>Derivative Instrument</b>	Financial Instrument Whose Value Depends On The Value Of Another Asset.
<b>Derived Key</b>	A Cryptographic Key That Is Obtained By Using An Arithmetic Function In Combination With A Master Key And A Unique Identification Value Such As A Card Serial Number.
<b>Derogatory Information</b>	Data Received By A Creditor Indicating That A Credit Applicant Has Not Paid His Or Her Accounts With Other Creditors According To The Required Terms.
<b>Des</b>	See Data Encryption Standard.
<b>Digital Signature</b>	A String Of Data Generated By A Cryptographic Method That Is Attached To A Message To Ensure Its Authenticity As Well As To Protect The Recipient Against Repudiation By The Sender.
<b>Direct Debit</b>	Preauthorised Debit On The Payer'S Bank Account Initiated By The Payee.
<b>Direct Deposit</b>	A Payment That Is Electronically Deposited Into An Individual'S Account At A Depository Institution.
<b>Direct Dispute</b>	A Dispute Submitted Directly To The Furnisher About The Accuracy Of Information In Your Consumer Report That Relates To An Account Or Other Relationship You Have With The Furnisher.
<b>Direct Holding System</b>	A Holding System For Securities In Which The Beneficial Owner Of Securities (I) Is Reflected As The Legal Owner On The Issuer'S Official Register(S) (And, If The Securities Are Required To Be Certificated, The Securities Are Issued In The Name Of The Owner) Or (Ii) Is In Possession Of Securities Issued To Bearer. The Issuer, Csd, Participants In The Csd, And Third-Party Claimants Are Required To Recognise The Owner'S Rights And Interests In The Securities Based On The Record Of The Register Or The Owner'S Possession Of The Security.



## **BANKING TERMS & GLOSSARY**

<b>Direct Market Participant</b>	A Broker-Dealer Or Member Of An Exchange That Directly Executes An Order.
<b>Direct Participant</b>	A Participant In An Interbank Funds Transfer System (Ifts) Who Is Responsible To The Settlement Agent (Or To All Other Direct Participants) For The Settlement Of Its Own Payments, Those Of Its Customers And Those Of The Indirect Participants On Whose Behalf It Is Settling.
<b>Direct Participant/Member</b>	The Term Generally Denotes Participants In A Funds Or Securities Transfer System That Directly Exchange Transfer Orders With Other Participants In The System. In Some Systems, Direct Participants Also Exchange Orders On Behalf Of Indirect Participants. Depending On The System, Direct Participants May Or May Not Also Be Settling Participants. In The Ec Context, This Term Has A Specific Meaning It Refers To Participants In A Transfer System Which Are Responsible To The Settlement Institution (Or To All Other Participants) For The Settlement Of Their Own Payments, Those Of Their Customers And Those Of Indirect Participants On Whose Behalf They Are Settling. See Also Indirect Participant/Member, Participant/Member, Settling Participant/Member.
<b>Discharge</b>	Release From A Legal Obligation Imposed By Contract Or Law.
<b>Disclosure</b>	See Public Disclosure.
<b>Disclosures</b>	Certain Information That Federal And State Laws Require Creditors To Give To Borrowers Relative To The Terms Of The Credit Extended.
<b>Discount</b>	In The Terms Of Banking, In The Term 'Discount' Is Used When Any Negotiable Instrument Is Converted Into Cash. For Example, A Person Can Exchange A Bearer Check For Cash With The Amount Being Little Less Than The Face Value Of The Check. This Method Is Used By Merchants Who Are In A Dire Need For Liquid Finances. This Definition Is Written From The Banking Point Of View But Has A Variable Meanings.
<b>Discount Bond</b>	A Bond Selling Below Par, As Interest In-Lieu To The Bondholders.
<b>Dishonour Of Cheque</b>	Non-Payment Of A Cheque By The Paying Banker With A Return Memo Giving Reasons For The Non-Payment. Default Risk The Possibility That A Bond Issuer Will Default Ie, Fail To Repay Principal And Interest In A Timely Manner.

## **BANKING TERMS & GLOSSARY**

<b>Distributing Institution</b>	An Institution Which Distributes (As An Agent) Or Sells (As The Issuer Or An Underwriter) The Electronic Money To The Customer.
<b>Diversification</b>	The Inclusion Of A Number Of Different Investment Vehicles In A Portfolio In Order To Increase Returns Or Be Exposed To Less Risk.
<b>Dividend</b>	A Dividend Is A Part Of The Profit That Is Earned By A Corporation Or Joint Stock Companies, And Is Distributed Amongst The Shareholders.
<b>Domestic Trade</b>	A Trade Between Counterparties Located In The Same Country.
<b>Domestic Settlement</b>	A Settlement That Takes Place In The Country In Which Both Counterparties To The Trade Are Located.
<b>Draft</b>	A Written Order From One Party (The Drawer) To Another (The Drawee) To Pay A Party Identified On The Order (Payee) Or To The Bearer A Specified Sum, Either On Demand (Sight Draft) Or On A Specified Date (Time Draft). See Also Bank Draft, Bill Of Exchange, Cheque.
<b>Drawee Bank</b>	The Bank Upon Which A Check Is Drawn.
<b>Drawee</b>	The Person (Or Bank) Who Is Expected To Pay A Check Or Draft When It Is Presented For Payment.
<b>Drawer</b>	The Person Who Writes A Check Or Draft Instructing The Drawee To Pay Someone Else.
<b>Duration</b>	A Measure Of Bond Price Volatility, It Captures Both Price And Reinvestment Risks To Indicate How A Bond Will React To Different Interest Rate Environments.
<b>Dvd</b>	See Delivery Versus Delivery.

## **BANKING TERMS & GLOSSARY**

<p><b>Dvp Schemes As Defined By The G10</b></p>	<p>In Model 1, Transfer Instructions For Both Securities And Funds Are Settled On A Trade By Trade Basis, With Final Transfer Of The Securities From The Seller To The Buyer (Delivery) Occurring At The Same Time As Final Transfer Of The Funds From The Buyer To The Seller (Payment). In Model 2, Securities Transfer Instructions Are Settled On A Gross Basis, With Final Transfer Of Securities From The Seller To The Buyer (Delivery) Occurring Throughout The Processing Cycle, But Funds Transfer Instructions Are Settled On A Net Basis, With Final Transfer Of Funds From The Buyer To The Seller (Payment) Occurring At The End Of The Processing Cycle. In Model 3, Transfer Instructions For Both Securities And Funds Are Settled On A Net Basis, With Final Transfers Of Both Securities And Funds Occurring At The End Of The Processing Cycle.</p>
<p><b>Early Withdrawal Penalty</b></p>	<p>An Early Withdrawal Penalty Is Basically A Penalty That Is Levied By A Bank Because Of An Early Withdrawal Of A Fixed Investment By Any Investor. There Can Be Several Types Of Early Withdrawal Penalties, Like Forfeiting The Promised Interest.</p>
<p><b>Early Termination Option</b></p>	<p>A Contract Provision Granting Either Counterparty The Option To Terminate A Contract Before Its Maturity Date, Sometimes Upon Payment Of A Fee.</p>
<p><b>Earnest Money Deposit</b></p>	<p>An Earnest Money Deposit Is Made By The Buyer To The Potential Seller Of A Real Estate, In The Initial Stages Of Negotiation Of Purchase.</p>
<p><b>Earning Assets</b></p>	<p>Earning Assets Generate Returns, Either In The Form Of Returns Or In The Form Of Interest Or Cash. One Must Note That In The Case Of Earning Assets, The Owner Does Not Have To Take Any Daily Efforts To Achieve Returns.</p>
<p><b>Earnings Per Share (Eps)</b></p>	<p>The Amount Of Annual Earnings Available To Common Stockholders As Stated On A Per Share Basis.</p>
<p><b>Earnings Yield</b></p>	<p>The Ratio Of Earnings To Price (E/P). The Reciprocal Is Price Earnings Ratio (P/E).</p>
<p><b>Earnings</b></p>	<p>The Total Profits Of A Company After Taxation And Interest.</p>
<p><b>E-Banking</b></p>	<p>E-Banking Or Electronic Banking Is A Form Of Banking Where Funds Are Transferred Through Exchange Of Electronic Signals Between Banks And Financial Institution And Customers Atms,</p>

## **BANKING TERMS & GLOSSARY**

	Credit Cards, Debit Cards, International Cards, Internet Banking And New Fund Transfer Devices Like Swift, RtgS Belong To This Category.
<b>E-Cash</b>	Also Known As Electronic Cash And Digital Cash, E-Cash Is A Technology Where The Banking Organizations Resort To The Use Of Electronics, Computers And Other Networks To Execute Transactions And Transfer Funds.
<b>Edi</b>	See Electronic Data Interchange.
<b>Education Loan</b>	An Education Loan, Also Known As Student'S Loan, Is Specifically Meant To Provide For The Borrower'S Expenditure Towards Education. In The Majority Of Countries, Educational Loans Tend To Have A Low Rate Of Interest. The Period Of Repayment Also Starts After The Completion Period Of The Loan.
<b>Eeprom</b>	Electronically Erasable Programmable Read-Only Memory The Area Of An Ic Chip Used To Store Data. Data In Eeprom Can Be Electronically Erased And Rewritten Under The Control Of The Operating System.
<b>Eft - (Electronic Fund Transfer)</b>	Eft Is A Device To Facilitate Automatic Transmission And Processing Of Messages As Well As Funds From One Bank Branch To Another Bank Branch And Even From One Branch Of A Bank To A Branch Of Another Bank. Eft Allows Transfer Of Funds Electronically With Debit And Credit To Relative Accounts.
<b>Eftpos</b>	See Point Of Sale.
<b>Either Or Survivor</b>	Refers To Operation Of The Account Opened In Two Names With A Bank. It Means That Any One Of The Account Holders Have Powers To Withdraw Money From The Account, Issue Cheques, Give Stop Payment Instructions Etc. In The Event Of Death Of One Of The Account Holder, The Surviving Account Holder Gets All The Powers Of Operation.
<b>Electronic Banking</b>	A Service That Allows An Account Holder To Obtain Account Information And Manage Certain Banking Transactions Through A Personal Computer Via The Financial Institution'S Web Site On The Internet. (This Is Also Known As Internet Or Online Banking.)

## **BANKING TERMS & GLOSSARY**

<b>Electronic Check Conversion</b>	Electronic Check Conversion Is A Process In Which Your Check Is Used As A Source Of Information-For The Check Number, Your Account Number, And The Number That Identifies Your Financial Institution. The Information Is Then Used To Make A One-Time Electronic Payment From Your Account-An Electronic Fund Transfer. The Check Itself Is Not The Method Of Payment.
<b>Electronic Commerce (E-Commerce)</b>	E-Commerce Is The Paperless Commerce Where The Exchange Of Business Takes Place By Electronic Means.
<b>Electronic Data Interchange</b>	The Electronic Exchange Between Commercial Entities (In Some Cases Also Public Administrations), In A Standard Format, Of Data Relating To A Number Of Message Categories, Such As Orders, Invoices, Customs Documents, Remittance Advices And Payments. Edi Messages Are Sent Through Public Data Transmission Networks Or Banking System Channels. Any Movement Of Funds Initiated By Edi Is Reflected In Payment Instructions Flowing Through The Banking System. Edifact, A United Nations Body, Has Established Standards For Electronic Data Interchange.
<b>Electronic Funds Transfer (Eft)</b>	The Transfer Of Money Between Accounts By Consumer Electronic Systems-Such As Automated Teller Machines (Atms) And Electronic Payment Of Bills-Rather Than By Check Or Cash. (Wire Transfers, Checks, Drafts, And Paper Instruments Do Not Fall Into This Category.)
<b>Electronic Purse</b>	A Reloadable Multipurpose Prepaid Card Which May Be Used For Small Retail Or Other Payments Instead Of Coins. See Also Multipurpose Prepaid Card.
<b>Electronic Money</b>	Value Stored Electronically In A Device Such As A Chip Card Or A Hard Drive In A Personal Computer.
<b>Electronic Wallet</b>	A Computer Device Used In Some Electronic Money Systems Which Can Contain An Ic Card Or In Which Ic Cards Can Be Inserted And Which May Perform More Functions Than An Ic Card.
<b>Embedding</b>	In Ic Card Manufacturing, The Process By Which The Chip Module Is Mounted On The Plastic Carrier (Card).
<b>Embezzlement</b>	In Most States, Embezzlement Is Defined As Theft/Larceny Of Assets (Money Or Property) By A Person In A Position Of Trust Or Responsibility Over Those Assets. Embezzlement Typically Occurs In The Employment And Corporate Settings.

## **BANKING TERMS & GLOSSARY**

<b>Encoding</b>	The Process Used To Imprint Or Inscribe Micr Characters On Checks, Deposits, And Other Financial Instruments. [Magnetic Ink Character Recognition (Micr) Is A Character-Recognition Technology Adopted Mainly By The Banking Industry To Facilitate The Processing Of Checks. Each Check Is Encoded At The Bottom With The Dollar Amount Of The Check. If That Information Is Entered Incorrectly, There Is An Encoding Error.]
<b>Encryption</b>	The Use Of Cryptographic Algorithms To Encode Clear Text Data (Plaintext) Into Ciphertext To Prevent Unauthorised Observation.
<b>End User</b>	An Entity That Takes Derivatives Positions For Investment Or Hedging Purposes. An End User Often Deals Only On One Side Of The Market. End Users Include Banks, Insurance Companies, Pension Funds, Other Financial Institutions, Non-Financial Corporations, Governments, Supranational Entities (For Example The World Bank) And High Net Worth Individuals. See Also Dealer.
<b>End-Of-Day Gross Settlement Systems</b>	Funds Transfer Systems In Which Payment Orders Are Received One By One By The Settlement Agent During The Business Day, But In Which Final Settlement Takes Place At The End Of The Day On A One By One Or Aggregate Gross Basis. This Definition Also Applies To Gross Settlement Systems In Which Payments Are Settled In Real Time But Remain Revocable Until The End Of The Day.
<b>Endogenous Default</b>	A Default By A Clearing Member That Results In Losses On House Or Client Positions Carried By The Clearing Member At That Clearing House Rather Than From Losses From Some Other (Exogenous) Source
<b>Endorsement</b>	Endorsement Is Basically The Handing Over Of Rights Of A Financial/Legal Document Or A Negotiable Instrument To Another Person. The Person Who Hands Over His/Her Rights Is Known As The Endorser, And The Person To Whom The Rights Have Been Transferred Is Known As The Endorsee.
<b>Endorsement In Full</b>	Where The Name Of The Endorsee Or Transferee Appears On The Instrument While Making Endorsement.
<b>Enforcement Action</b>	A Regulatory Tool That The Occ May Use To Correct Problems Or Effect Change In A National Bank.



## **BANKING TERMS & GLOSSARY**

<b>Eprom</b>	Electronically Programmable Read-Only Memory The Area Of An Ic Chip Used To Store Data. Data In Eprom Can Only Be Written Once And Cannot Be Erased Selectively.
<b>Equal Credit Opportunity Act (Ecoa)</b>	Prohibits Creditors From Discriminating Against Credit Applicants On The Basis Of Race, Color, Religion, National Origin, Sex, Marital Status, Age, Or Because An Applicant Receives Income From A Public Assistance Program.
<b>Equity</b>	Equity Is The Remainder Balance Between Market Value Of A Given Property And The Outstanding Real Estate Debt That Is To Yet Be Paid. The Equity Is A Risk That Is Basically Borne By The Lender.
<b>Equity Call Warrants</b>	Warrants Issued By A Company Which Give The Holder The Right To Acquire New Shares In That Company At A Specified Price And For A Specified Period Of Time.
<b>Equity Swap</b>	A Swap Which Involves An Exchange Of Return On A Recognised Stock Index Or A Specified Basket Of Individual Stocks For A Fixed Or Floating Rate Of Interest.
<b>Error Resolution</b>	The Required Process For Resolving Errors Involving Electronic Transfers To And From Deposit Accounts.
<b>Escheat</b>	Reversion Of Real Or Personal Property To The State When 1) A Person Dies Without Leaving A Will And Has No Heirs, Or 2) When The Property (Such As A Bank Account) Has Been Inactive For A Certain Period Of Time.
<b>Escrow Analysis</b>	The Periodic Examination Of Escrow Accounts By A Mortgage Company To Verify That Monthly Deposits Are Sufficient To Pay Taxes, Insurance, And Other Escrow-Related Items On When Due.
<b>Escrow Funds</b>	Funds Held In Reserve By A Mortgage Company To Pay Taxes, Insurance, And Other Mortgage-Related Items When Due.
<b>Escrow</b>	A Financial Instrument Held By A Third Party On Behalf Of The Other Two Parties In A Transaction. The Funds Are Held By The Escrow Service Until It Receives The Appropriate Written Or Oral Instructions-Or Until Obligations Have Been Fulfilled. Securities, Funds, And Other Assets Can Be Held In Escrow.

## **BANKING TERMS & GLOSSARY**

<b>Estate Account</b>	An Account Held In The Name Of A Decedent That Is Administered By An Executor Or Administrator Of The Estate.
<b>Event Of Default</b>	An Event Stipulated In An Agreement As Constituting A Default. Generally, The Occurrence Of A Failure To Pay Or Deliver On The Due Date, Breach Of Agreement And Insolvency Are Events Of Default.
<b>Exception Hold</b>	A Period Of Time That Allows The Banks To Exceed The Maximum Hold Periods Defined In The Expedited Funds Availability Act.
<b>Exchange</b>	An Exchange Is A Trade Of Property, Assets, Goods Or Services For Consideration Of Any Kind. Electronic Filing Electronic Filing Is The Method Of Filing Of Tax Returns And Tax Forms On The Internet.
<b>Exchange Rate</b>	An Exchange Rate Is A Basically A Rate, With The Help Of Which One Country'S Currency Can Be Exchanged With The Currency Of Another Country.
<b>Exchange Member</b>	A Member Of An Exchange With Certain Trading Privileges. An Exchange Member May Not Necessarily Be A Member Of The Exchange'S Clearing House.
<b>Exchange-Forvalue Settlement System</b>	System Which Involves The Exchange Of Assets, Such As Money, Foreign Exchange, Securities Or Other Financial Instruments, In Order To Discharge Settlement Obligations. These Systems May Use One Or More Funds Transfer Systems In Order To Satisfy The Payment Obligations That Are Generated. The Links Between The Exchange Of Assets And The Payment System(S) May Be Manual Or Electronic. See Also Delivery-Versus-Payment System.
<b>Exchangetraded Derivative</b>	A Derivative Which Is Listed And Traded At An Organised Marketplace. Derivatives Exchanges Generally Provide Standardised Contracts And Central Clearing Facilities For Participants.
<b>Ex-Dividend (Xd)</b>	A Security Which No Longer Carries The Right To The Most Recently Declared Dividend Or The Period Of Time Between The Announcement Of The Dividend And The Payment (Usually Two Days Before The Record Date). For Transactions During The Ex-Dividend Period, The Seller Will Receive The Dividend, Not The Buyer. Ex-Dividend Status Is Usually Indicated In Newspapers With An (X) Next To The Stock'S Or Unit Trust'S Name.

## **BANKING TERMS & GLOSSARY**

<b>Execution Of Documents</b>	Execution Of Documents Is Done By Putting Signature Of The Person, Or Affixing His Thumb Impression Or Putting Signature With Stamp Or Affixing Common Seal Of The Company On The Documents With Or Without Signatures Of Directors As Per Articles Of Association Of The Company.
<b>Exit Criteria</b>	Criteria For An Existing Participant In A Payment System To Cease To Participate.
<b>Expiration Date</b>	This Term Indicates The Invalidity Of A Financial Document Or Instrument, After A Specified Period Of Time.
<b>Face Value</b>	Face Value Is The Original Value Of Any Security Or Negotiable Instrument.
<b>Face Value/ Nominal Value</b>	The Value Of A Financial Instrument As Stated On The Instrument. Interest Is Calculated On Face/Nominal Value.
<b>Face-To-Face Payment</b>	Payment Carried Out By The Exchange Of Instruments Between The Payer And The Payee In The Same Physical Location.
<b>Factoring</b>	Business Of Buying Trade Debts At A Discount And Making A Profit When Debt Is Realized And Also Taking Over Collection Of Trade Debts At Agreed Prices.
<b>Fail</b>	A Failure To Settle A Securities Transaction On The Contractual Settlement Date, Usually Because Of Technical Or Temporary Difficulties. Fail Is Usually Distinguished From “Default”. Also Called Failed Transaction.
<b>Failed Transaction</b>	A Securities Transaction In Which The Securities And Cash Are Not Exchanged As Agreed On The Settlement Date, Usually Because Of Technical Or Temporary Causes.
<b>Fair And Accurate Credit Transactions Act Of 2003 (Fact Act Or Facta)</b>	The Purpose Of This Act Is To Help Consumers Protect Their Credit Identities And Recover From Identity Theft. One Of The Key Provisions Of This Act Is That Consumers Can Request And Obtain A Free Credit Report Once Every 12 Months From Each Of The Three Nationwide Consumer Credit Reporting Companies (Equifax, Experian, And Transunion). Annualcreditreport.Com Provides Consumers With The Secure Means To Request Their Free Credit Report.

## **BANKING TERMS & GLOSSARY**

<b>Fair Credit Reporting Act (Fcra)</b>	A Federal Law, Established In 1971 And Revised In 1997, That Gives Consumers The Right To See Their Credit Records And Correct Any Mistakes.The Fcra Regulates Consumer Credit Reporting And Related Industries To Ensure That Consumer Information Is Reported In An Accurate, Timely, And Complete Manner. The Act Was Amended To Address The Sharing Of Consumer Information With Affiliates.
<b>Fair Debt Collection Practices Act (Fdcpa)</b>	The Fair Debt Collection Practices Act Is A Set Of United States Statutes Added As Title Viii Of The Consumer Credit Protection Act. Its Purpose Is To Ensure Ethical Practices In The Collection Of Consumer Debts And To Provide Consumers With An Avenue For Disputing And Obtaining Validation Of Debt Information In Order To Ensure The Information'S Accuracy. It Is Often Used In Conjunction With The Fair Credit Reporting Act.
<b>Fiduciary</b>	Undertaking To Act As Executor, Administrator, Guardian, Conservator, Or Trustee For A Family Trust, Authorized Trust, Or Testamentary Trust, Or Receiver Or Trustee In Bankruptcy.
<b>Field Audits</b>	Field Audits Are Basically The Audits That Are Conducted By Bank Officials, On The Site Itself, In Order To Assess The Status And Condition Of The Collateral. At Times, Field Audits Are Also Conducted In Order To Assess The Financial Situation Of Debtors, Especially Corporations, Who Have Availed Huge Loans.
<b>Final (Finality)</b>	Irrevocable And Unconditional.
<b>Final Maturity</b>	A Final Maturity Is The Date Of Maturity When A Last, Single Loan Matures From A Pool Of Loans. The Final Maturity Indicates The Total And Final Payment Of The Pool Of Mortgage Loans.
<b>Final Settlement</b>	Settlement Which Is Irrevocable And Unconditional.
<b>Final Transfer</b>	An Irrevocable And Unconditional Transfer Which Effects A Discharge Of The Obligation To Make The Transfer. The Terms "Delivery" And "Payment" Are Each Defined As A Final Transfer. See Also Provisional Transfer.
<b>Finality Risk</b>	The Risk That A Provisional Transfer Of Funds Or Securities Will Be Rescinded.
<b>Finance Charge</b>	The Total Cost Of Credit A Customer Must Pay On A Consumer

## **BANKING TERMS & GLOSSARY**

	Loan, Including Interest. The Truth In Lending Act Requires Disclosure Of The Finance Charge.
<b>Financial Instrument</b>	A Financial Instrument Is Anything That Ranges From Cash, Deed, Negotiable Instrument, Or For That Matter Any Written And Authenticated Evidence, That Shows The Existence Of A Transaction Or Agreement.
<b>Financial Intermediary</b>	A Financial Intermediary Is Basically A Party Or Person Who Acts As A Link Between A Provider Who Provides Securities And The User, Who Purchases The Securities. Share Broker, And Almost All The Banks, Are The Best Examples Of Financial Intermediaries.
<b>Financial Regulatory Agency</b>	An Organization Authorized By Statute For Ensuring The Safe And Sound Operation Of Financial Institutions Chartered To Conduct Business Under That Agency'S Jurisdiction. • Occ (Office Of The Comptroller Of The Currency) • Fdic (Federal Deposit Insurance Corporation) • Frb (Federal Reserve Board) • NcuA (National Credit Union Administration) • State Regulatory Agencies
<b>Financial Risk</b>	Term Covering A Range Of Risks Incurred In Financial Transactions – Both Liquidity And Credit Risks. See Also Credit Risk/Exposure, Liquidity Risk.
<b>Financial Statement</b>	A Financial Statement Is A Record Of Historical Financial Figures, Reports And A Record Of Assets, Liabilities, Capital, Income And Expenditure.
<b>Firewall</b>	A Hardware- And/Or Software-Based System That Is Used As An Interface Between The Internet And A Computer System To Monitor And Filter Incoming And Outgoing Communications.
<b>First Mortgage</b>	A Real Estate Loan Which Is In A First Lien Position, Taking Priority Over All Other Liens. In Case Of A Foreclosure, The First Mortgage Will Be Repaid Before Any Other Mortgages.
<b>Fixed Rate Bonds</b>	Bonds Bearing Fixed Interest Payments Until Maturity Date.
<b>Fixed Rate Loan</b>	The Interest Rate And The Payment Remain The Same Over The Life Of The Loan. The Consumer Makes Equal Monthly Payments Of Principal And Interest Until The Debt Is Paid In Full.
<b>Fixed Rate Mortgage</b>	A Fixed Rate Mortgage Is A Home Loan, For Which The Interest Rate Remains Constant And Fixed Throughout The Lifetime Of Loan.

## **BANKING TERMS & GLOSSARY**

<b>Fixed-Income Securities</b>	Investment Vehicles That Offer A Fixed Periodic Return.
<b>Fixtures</b>	The Term 'Fixture' Is Used In The Context Of A Real Estate Property, When Assets, Like Furniture, Are Attached To The Real Estate And Are Also Included In Its Book Value. Banks, In Many A Cases, Are Known To Include Fixtures In The Value, If The Real Estate Property Has Been Pledged As A Collateral.
<b>Fleckless</b>	From The German “Fleckenlos”, Which Means Spotless; A Device(Card) Or A System Is Said To Be Fleckless When It Can Provide Evidence That It Has Not Been Tampered With.
<b>Float</b>	1) The Amount Of Uncollected Funds Represented By Checks In The Possession Of One Bank But Drawn On Other Banks. 2) The Time That Elapses Between The Day A Check Is Deposited And The Day It Is Presented For Payment To The Financial Institution On Which It Is Drawn.
<b>Floating Rate Bonds</b>	Bonds Bearing Interest Payments That Are Tied To Current Interest Rates.
<b>Flood Insurance</b>	Flood Insurance Protects Against Water From An Overflowing River Or A Hurricane'S Tidal Surge And Also Covers Damage From Water That Builds Up During Storms.
<b>Flood Plain</b>	A Strip Of Relatively Flat And Normally Dry Land Alongside A Stream, River, Or Lake That Is Covered By Water During A Flood.
<b>Forbearance Agreement</b>	A Forbearance Agreement Is An Authenticated Agreement Between A Debtor And A Creditor, And Is Utilized By The Creditor, When The Debtor Initiates A Debt Settlement Or The Loan Is Defaulted, Or The Former Becomes Bankrupt.
<b>Forced Settlement</b>	Securities Or Funds Settlement That Is Either Mandated Or Enforced By The Actions Of A Third Party.
<b>Foreclosure</b>	A Foreclosure Is A Standardized Procedure Where Creditors Like Banks, Are Authorized To Obtain The Title Of The Real Estate Property That Has Been Pledged As A Collateral.
<b>Foreign Banks</b>	Banks Incorporated Outside India But Operating In India And Regulated By The Reserve Bank Of India (Rbi).. E..G., Barclays Bank, Hsbc, Citibank, Standard Chartered Bank, Etc.



## **BANKING TERMS & GLOSSARY**

<b>Foreign Currency Surcharge</b>	The Foreign Currency Surcharge Is Levied By Some Banks And Credit Card Companies, When A Credit Card Or An Atm Is Used In A Foreign Country.
<b>Foreign Transaction Fees</b>	A Fee Assessed By Your Bank For Making A Transaction At Another Bank'S Atm.
<b>Foreign Exchange Settlement Risk</b>	The Risk That One Party To A Foreign Exchange Transaction Will Pay The Currency It Sold But Not Receive The Currency It Bought. This Is Also Called Cross-Currency Settlement Risk Or Principal Risk; It Is Also Referred To As Herstatt Risk, Although This Is An Inappropriate Term Given The Differing Circumstances In Which This Risk Has Materialised.
<b>Forfeiting</b>	In International Trade When An Exporter Finds It Difficult To Realize Money From The Importer, He Sells The Right To Receive Money At A Discount To A Forfeiter, Who Undertakes Inherent Political And Commercial Risks To Finance The Exporter, Of Course With Assumption Of A Profit In The Venture.
<b>Forged Check</b>	A Check On Which The Drawer'S Signature Has Been Forged.
<b>Forgery</b>	When A Material Alteration Is Made On A Document Or A Negotiable Instrument Like A Cheque, To Change The Mandate Of The Drawer, With Intention To Defraud.
<b>Forward Rate Agreement</b>	A Forward Contract On Interest Rates In Which The Rate To Be Paid Or Received On A Specific Obligation For A Set Period Of Time, Beginning At Some Time In The Future, Is Determined At Contract Initiation.
<b>Forward Contract</b>	A Contract That Obligates One Party To Buy, And The Other To Sell, An Underlying Asset At A Specific Price And Date In The Future.
<b>Fraud Alert</b>	A Key Provision Of The Fair And Accurate Credit Transactions Act Of 2003 Is The Consumer'S Ability To Place A Fraud Alert On Their Credit Record. A Consumer Would Use This Option If They Believe They Were A Victim Of Identity Theft.
<b>Free Cash Flow</b>	A Free Cash Flow Is Basically Is A Total Of Financially Liquid Assets That Does Not Include Capital Expenditures And Dividends.

## **BANKING TERMS & GLOSSARY**

<b>Freedom Of Information Act (Foia)</b>	A Federal Law That Mandates That All The Records Created And Kept By Federal Agencies In The Executive Branch Of Government Must Be Open For Public Inspection And Copying. The Only Exceptions Are Those Records That Fall Into One Of Nine Exempted Categories Listed In The Statute.
<b>Free-Of-Payment Delivery</b>	Delivery Of Securities With No Corresponding Payment Of Funds.
<b>Front Office</b>	A Firm'S Trading Unit And Other Areas That Are Responsible For Developing And Managing Relationships With Counterparties. See Back Office.
<b>Frozen Account</b>	An Account On Which Funds May Not Be Withdrawn Until A Lien Is Satisfied And A Court Order Or Other Legal Process Makes The Account Available For Withdrawal (E.G., The Account Of A Deceased Person Is Frozen Pending A Court Order Distributing The Funds To The New Lawful Owners).
<b>Fts</b>	See Funds Transfer System
<b>Fundamental Analysis</b>	Research To Predict Stock Value That Focuses On Such Determinants As Earnings And Dividends Prospects, Expectations For Future Interest Rates And Risk Evaluation Of The Firm.
<b>Funds Transfer System</b>	A Formal Arrangement, Based On Private Contract Or Statute Law,With Multiple Membership, Common Rules And Standardised Arrangements, For The Transmission And Settlement Of Money Obligations Arising Between The Members. See Also Interbank Funds Transfer System.
<b>Fungibility</b>	A Concept That Characterises The Method Of Holding Securities By A Csd Or Other Financial Intermediary In Which Each Of A Number Of Issues Of Physical Or Dematerialised Securities Are Held In Separate Fungible Pools. No Owner Has The Right To Any Particular Physical Or Dematerialised Security In A Particular Pool, But Has A Right To Such An Amount Of Physical Or Dematerialised Securities As Shown In Its Account With A Csd Or Other Financial Intermediary.
<b>Furnisher</b>	An Entity That Provides Information About A Consumer To A Consumer Reporting Agency For Inclusion In A Consumer Report.

## **BANKING TERMS & GLOSSARY**

<b>Future Value Of An Annuity</b>	The Amount To Which A Stream Of Equal Cash Flows That Occur In Equal Intervals Will Grow Over A Period Of Time When It Is Placed In An Account Paying Compound Interest.
<b>Future Value</b>	The Amount To Which A Current Deposit Will Grow Over A Period Of Time When It Is Placed In An Account Paying Compound Interest.
<b>Futures Contract</b>	A Standardised Forward Contract Traded On An Exchange.
<b>Futures-Style Margining</b>	A Method Of Margining Derivatives Contracts In Which Positions Are Marked To Market And Current Exposures Are Extinguished Through Cash Payments Known As Variation Margin. Both Futures And Options Contracts Can Be Margined In This Manner. When Options Contracts Are Margined Using A Futures-Style System, The Option Premium Is Gradually Paid Over The Life Of The Option (Through The Cumulative Variation Margin Payments) And Fully Paid Once The Option Has Been Exercised. See Also Options-Style Margining.
<b>Garnishee Order</b>	When A Court Directs A Bank To Attach The Funds To The Credit Of Customer'S Account Under Provisions Of Section 60 Of The Code Of Civil Procedure, 1908.
<b>Garnishment/Garnish</b>	A Legal Process That Allows A Creditor To Remove Funds From Your Bank Account To Satisfy A Debt That You Have Not Paid. If You Owe Money To A Person Or Company, They Can Obtain A Court Order Directing Your Bank To Take Money Out Of Your Account To Pay Off Your Debt.
<b>General Lien</b>	A Right Of The Creditors To Retain Possession Of All Goods Given In Security To Him By The Debtor For Any Outstanding Debt.
<b>General Collateral</b>	Securities That Satisfy The General Requirements Of A Lender Of Cash To Collateralise Its Cash Lending. General Collateral Comprises Securities Which Are Not In Particular Demand In The Market; Categories Of General Collateral Are Usually Defined By Market Convention. See Also Special Collateral.
<b>Giro System</b>	See Credit Transfer System.

## **BANKING TERMS & GLOSSARY**

<b>Global Custodian</b>	A Custodian That Provides Its Customers With Custody Services In Respect Of Securities Traded And Settled Not Only In The Country In Which The Custodian Is Located But Also In Numerous Other Countries Throughout The World.
<b>Government Bonds</b>	A Government Bond, Which Is Also Known As A Government Security, Is Basically Any Security That Is Held With The Government And Has The Highest Possible Rate Of Interest.
<b>Grace Period</b>	A Grace Period Is An Interest-Free Period That Is To Be Given By A Creditor To A Debtor After The Period Of The Loan Gets Over, Before Initiating The Process Of Loss Recovery. The Grace Period Depends On The Amount Of The Loan And Also The Credit Score Of The Borrower.
<b>Grant</b>	A Grant Is Any Type Of Financial Aid That Is Given By The Government.
<b>Gridlock</b>	A Situation That Can Arise In A Funds Or Securities Transfer System In Which The Failure Of Some Transfer Instructions To Be Executed (Because The Necessary Funds Or Securities Balances Are Unavailable) Prevents A Substantial Number Of Other Instructions From Other Participants From Being Executed. See Also Failed Transaction, Queuing, Systemic Risk.
<b>Gross Dividends</b>	Gross Dividends Are Basically The Total Amount Of Dividends That Are Earned By An Individual, Or Corporation In A Single Accounting And Tax Year. It Must Be Noted That Capital Gains Are Also Included In Gross Dividends.
<b>Gross Income</b>	Gross Income Is The Total Income Of A Person, Organization Or Corporation In One Financial Year, Before Making Any Deductions.
<b>Gross Income Test</b>	A Gross Income Test, Is A Kind Of Test, Where One Can Prove To Any Government Authority That A Person Is One'S Dependent.
<b>Gross Margining</b>	Margining System In Which The Clearing Member Is Required To Deposit With The Clearing House Sufficient Initial Margin To Cover The Gross Positions Of Its Clients. See Also Net Margining.

## **BANKING TERMS & GLOSSARY**

<b>Gross Settlement System</b>	A Transfer System In Which The Settlement Of Funds Or Securities Transfer Instructions Occurs Individually (On An Instruction By Instruction Basis).
<b>Ground Rent</b>	Ground Rent Is The Amount Of Rent That A Leaseholder Pays Periodically To The Owner For Using A Piece Of Land.
<b>Guarantee</b>	A Contract Between Guarantor And Beneficiary To Ensure Performance Of A Promise Or Discharge The Liability Of A Third Person. If Promise Is Broken Or Not Performed, The Guarantor Pays Contracted Amount To The Beneficiary.
<b>Guaranteed Student Loan</b>	An Extension Of Credit From A Financial Institution That Is Guaranteed By A Federal Or State Government Entity To Assist With Tuition And Other Educational Expenses. The Government Entity Is Responsible For Paying The Interest On The Loan And Paying The Lender To Manage It. The Government Entity Also Is Responsible For The Loan If The Student Defaults.
<b>Guarantor</b>	A Guarantor Is A Creator Of Trust Who Takes The Responsibility Of The Repayment Of A Loan, And Is Also, In Some Cases, Liable And Equally Responsible For The Repayment Of The Loan.
<b>Guarantor</b>	A Party Who Agrees To Be Responsible For The Payment Of Another Party'S Debts Should That Party Default.
<b>Haircut</b>	The Difference Between The Market Value Of A Security And Its Collateral Value. Haircuts Are Taken By A Lender Of Funds In Order To Protect The Lender, Should The Need Arise To Liquidate The Collateral, From Losses Owing To Declines In The Market Value Of The Security. See Also Margin.
<b>Hedge Fund</b>	A Private Investment Fund, Often Leveraged, And Often Engaging In Active Trading Strategies (Including Arbitrage). Hedge Funds Are Typically Subject To Limited Regulatory Oversight.
<b>Hedge</b>	A Combination Of Two Or More Securities Into A Single Investment Position For The Purpose Of Reducing Or Eliminating Risk.
<b>Herstatt Risk</b>	See Principal Risk.

## **BANKING TERMS & GLOSSARY**

<b>Hold</b>	Used To Indicate That A Certain Amount Of A Customer'S Balance May Not Be Withdrawn Until An Item Has Been Collected, Or Until A Specific Check Or Debit Is Posted.
<b>Holder In Due Course</b>	A Person Who Receives A Negotiable Instrument For Value, Before It Was Due And In Good Faith, Without Notice Of Any Defect In It, He Is Called Holder In Due Course As Per Negotiable Instrument Act. In The Earlier Example If My Friend Lends Some Money To Me On The Basis Of The Cheque, Which I Have Given To Him For Encashment, He Becomes Holder-In-Due Course.
<b>Holder</b>	Holder Means Any Person Entitled In His Own Name To The Possession Of The Cheque, Bill Of Exchange Or Promissory Note And Who Is Entitled To Receive Or Recover The Amount Due On It From The Parties. For Example, If I Give A Cheque To My Friend To Withdraw Money From My Bank, He Becomes Holder Of That Cheque. Even If He Loses The Cheque, He Continues To Be Holder. Finder Cannot Become The Holder.
<b>Holding Period</b>	The Holding Period Is The Time Duration During Which A Capital Asset Is Held/Owned By An Individual Or Corporation. The Holding Period Is Taken Into Consideration, While Pledging The Asset As A Collateral.
<b>Home Banking</b>	Banking Services Which A Retail Customer Of A Financial Institution Can Access Using A Telephone, Television Set, Terminal Or Personal Computer As A Telecommunications Link To The Institution'S Computer Centre.
<b>Home Equity Debt</b>	A Home Equity Debt Is A Debt, Where The Borrower'S House Is Pledged As A Collateral.
<b>Home Equity Line Of Credit (Heloc)</b>	A Line Of Credit Secured By The Equity In A Consumer'S Home. It Can Be Used For Home Improvements, Debt Consolidation, And Other Major Purchases. Interest Paid On The Loan Is Generally Tax Deductible (Consult A Tax Advisor To Be Sure). The Funds May Be Accessed By Writing Checks Against The Line Of Credit Or By Getting A Cash Advance.



## **BANKING TERMS & GLOSSARY**

<b>Home Equity Loan</b>	A Home Equity Loan Allows You To Tap Into Your Home'S Built-Up Equity, Which Is The Difference Between The Amount That Your Home Could Be Sold For And The Amount That You Still Owe.Homeowners Often Use A Home-Equity Loan For Home Improvements, To Pay For A New Car, Or To Finance Their Child'S College Education. The Interest Paid Is Usually Tax-Deductible.Because The Loan Is Secured By Your Home'S Equity, If You Default, The Bank May Foreclose On Your House And Take Ownership Of It.This Type Of Loan Is Sometimes Referred To As A Second Mortgage Or Borrowing Against Your Home.
<b>Hot List</b>	In A Card-Based System, A List - Held By The Merchant Terminal Or Other Device - Of Suspicious Card Numbers Or Ranges Of Suspicious Card Numbers. The Hot List Is Used To Detect And Block Any Transaction With Such Cards.
<b>Household Income</b>	Household Income Is The Income Of All The Members Of One Household Put Together. One Must Note That The Income Earned Through The Family Business, Is Also Counted In The Household Income.
<b>Hybrid System</b>	A Payment System That Combines Characteristics Of RtgS Systems And Netting Systems.
<b>Hypothecation</b>	Charge Against Property For An Amount Of Debt Where Neither Ownership Nor Possession Is Passed To The Creditor. In Pledge, Possession Of Property Is Passed On To The Lender But In Hypothecation, The Property Remains With The Borrower In Trust For The Lender.
<b>Ic (Integrated Circuit) Card</b>	A Plastic Card In Which One Or More Integrated Circuits Are Embedded. Also Called Chip Card.
<b>Ic Card</b>	See Chip Card.
<b>Icsd</b>	See International Central Securities Depository.
<b>Identification</b>	When A Person Provides A Document To A Bank Or Is Being Identified By A Person, Who Is Known To The Bank, It Is Called Identification. Banks Ask For Identification Before Paying An Order Cheque Or A Demand Draft Across The Counter.
<b>Ifts</b>	See Interbank Funds Transfer System.

## **BANKING TERMS & GLOSSARY**

<b>Immobilisation</b>	Placement Of Certificated Securities And Financial Instruments In A Central Securities Depository To Facilitate Book-Entry Transfers.
<b>Imprinter</b>	Mechanical Device To Reproduce The Name And Account Number Of A Cardholder On A Paper Sales Slip. See Also Imprinter Voucher.
<b>Imprinter Voucher</b>	In Card Transactions, A Sales Slip That Is To Be Signed By The Customer On Which The Name And Card Number Of The Customer Are Imprinted. See Also Imprinter.
<b>Inactive Account</b>	An Account That Has Little Or No Activity; Neither Deposits Nor Withdrawals Having Been Posted To The Account For A Significant Period Of Time.
<b>Income</b>	The Amount Of Money An Individual Receives In A Particular Time Period.
<b>Indemnification</b>	An Agreement To Compensate For Damage Or Loss. Custodians Sometimes Offer It To Lending Customers In A Variety Of Forms.
<b>Indemnifies</b>	When A Person Indemnifies Or Guarantees To Make Good Any Loss Caused To The Lender From His Actions Or Others' Actions.
<b>Indemnity</b>	Indemnity Is A Bond Where The Indemnifies Undertakes To Reimburse The Beneficiary From Any Loss Arising Due To His Actions Or Third Party Actions.
<b>Index Fund</b>	A Mutual Fund That Holds Shares In Proportion To Their Representation In A Market Index, Such As The S&P 500.
<b>Index-Linked Certificate Of Deposit</b>	An Index-Linked Cd Is A Deposit Obligation Of The Issuing Bank And Is Often Sold Through Bank Branches And Affiliated And Unaffiliated Brokers. Index-Linked Cds Provide The Investor The Ability To Participate In The Appreciation, If Any, Of A Particular Index, During The Term Of The Cd. Index-Linked Cds May Have Complicated Payout Structures And May Not Be Suitable Or Appropriate For All Investors. Investors Should Carefully Review The Investment Risk Considerations Detailed In The Relevant Offering Documents And Disclosure Statements. Index-Linked Cds Are Not Securities And Are Not Registered Under Securities Laws.

## **BANKING TERMS & GLOSSARY**

<p><b>Indirect Holding System</b></p>	<p>A Holding System For Securities In Which (I) A Nominee Is Reflected As The Legal Owner Of Securities On The Official Register Of The Issuer And The Beneficial Owner (Or The Intermediary Through Which The Latter Holds The Security) Is Reflected As The Owner Of The Securities On The Books Of The Nominee Or (Ii) Bearer Securities Are Deposited With An Intermediary And The Intermediary Maintains An Account Reflecting The Beneficial Owner'S Rights And Interests In The Security. The Beneficial Owner'S Rights And Interests In Securities InAn Indirect Holding System Are Transferred By Accounting Entries On The Nominee'S Or Relevant Intermediary'S Books.</p>
<p><b>Indirect Market Participant</b></p>	<p>A Market Participant That Uses An Intermediary For The Execution Of Trades On Its Behalf. Generally, Institutional And Cross-Border Clients Are Indirect Market Participants. See Also Indirect Participant/Member.</p>
<p><b>Indirect Participant/ Member</b></p>	<p>Refers To A Funds Or Securities Transfer System In Which There Is A Tiering Arrangement. Indirect Participants Are Distinguished From Direct Participants By Their Inability To Perform Some Of The System Activities (Eg Input Of Transfer Orders, Settlement) Performed By Direct Participants. Indirect Participants, Therefore, Require The Services Of Direct Participants To Perform Those Activities On Their Behalf. In The Ec Context, The Term Refers More Specifically To Participants In A Transfer System Which Are Responsible Only To Their Direct Participants For Settling The Payments Input To The System. See Also Direct Participant/Member, Settling Participant/Member, Tiering Arrangement.</p>
<p><b>Individual Account</b></p>	<p>An Account In The Name Of One Individual.</p>
<p><b>Individual Retirement Account (Ira)</b></p>	<p>A Retirement Savings Program For Individuals To Which Yearly Tax-Deductible Contributions Up To A Specified Limit Can Be Made. The Amount Contributed Is Not Taxed Until Withdrawn. Withdrawal Is Not Permitted Without Penalty Until The Individual Reaches Age 59 1/2.</p>
<p><b>Initial Margin</b></p>	<p>Cash Or Collateral That Is Deposited With The Clearing House To Ensure Performance On Obligations To It (Also Known As Performance Bond And Original Margin).</p>
<p><b>Initial Public Offering (Ipo)</b></p>	<p>An Event Where A Company Sells Its Shares To The Public For The First Time. The Company Can Be Referred To As An Ipo For A Period Of Time After The Event.</p>

## **BANKING TERMS & GLOSSARY**

<b>Inpayment</b>	Payment Instruction, Sent Together With The Bill For The Delivery Of Goods And/Or Services, Which Is Prepared By The Payee; The Payer Can Either Pay Through Its Designated Bank Account Or By Means Of A Cash Payment At A Designated Agent (Bank Or Non-Bank).
<b>Inside Information</b>	Non-Public Knowledge About A Company Possessed By Its Officers, Major Owners, Or Other Individuals With Privileged Access To Information.
<b>Insider Trading</b>	The Illegal Use Of Non-Public Information About A Company To Make Profitable Securities Transactions
<b>Insolvent</b>	Insolvent Is A Person Who Is Unable To Pay His Debts As They Mature, As His Liabilities Are More Than The Assets . Civil Courts Declare Such Persons Insolvent. Banks Do Not Open Accounts Of Insolvent Persons As They Cannot Enter Into Contract As Per Law.
<b>Installment Contract</b>	An Installment Contract Is A Contract Where The Borrower, Who Is Also The Purchaser, Pays A Series Of Installments That Includes The Interest Of The Principal Amount.
<b>Installment Credit</b>	Installment Credit Is A Debt Or Loan That Is To Be Returned To The Lender In A Set Of Periodic Installments. Auto Loans, Home Loans And Other Types Of Loans Are Included In Installment Credit.
<b>Insufficient Funds</b>	When A Depositor'S Checking Account Balance Is Inadequate To Pay A Check Presented For Payment.
<b>Insurance (Hazard)</b>	Insurance To Protect The Homeowner And The Lender Against Physical Damage To A Property From Sources Such As But Not Limited To Fire, Wind, Or Vandalism.
<b>Insured Deposits</b>	Deposits Held In Financial Institutions That Are Guaranteed By The Federal Deposit Insurance Corporation (Fdic) Against Loss Due To Bank Failure.
<b>Integrity</b>	The Quality Of Being Protected Against Accidental Or Fraudulent Alteration Or Of Indicating Whether Or Not Alteration Has Occurred.

## **BANKING TERMS & GLOSSARY**

<b>Interbank Funds Transfer System</b>	A Funds Transfer System In Which Most (Or All) Direct Participants Are Financial Institutions, Particularly Banks And Other Credit Institutions.
<b>Interchange Fee</b>	Transaction Fee Payable In The Context Of A Payment Card Network By One Participating Financial Institution To Another, For Example By An Acquirer To A Card Issuer In Respect Of A Card Payment By The Cardholder To The Card Acceptor (Merchant).
<b>Interest</b>	Interest Is A Charge That Is Paid By Any Borrower Or Debtor For The Use Of Money, Which Is Calculated On The Basis Of The Rate Of Interest, Time Period Of The Debt And The Principal Amount That Was Borrowed. Interest Is, Sometimes, Also Titled As The 'Cost Of Credit'.
<b>Interest Accrual Rate</b>	The Interest Accrual Rate Is A Percentage Of Interest That Is Calculated On The Basis Of The Rate Of Interest And Is Expressed In Terms Of Annual Percentage Rate Or Apr.
<b>Interest Rate Index</b>	Is A Table Of Yields Or Interest Rates Being Paid On Debt That Is Used To Determine Interest-Rate Changes For Adjustable-Rate Mortgages And Other Variable-Rate Loans.
<b>Interest Rate</b>	The Amount Paid By A Borrower To A Lender In Exchange For The Use Of The Lender'S Money For A Certain Period Of Time. Interest Is Paid On Loans Or On Debt Instruments, Such As Notes Or Bonds, Either At Regular Intervals Or As Part Of A Lump Sum Payment When The Issue Matures.
<b>Interest Warrant</b>	When Cheque Is Given By A Company Or An Organization In Payment Of Interest On Deposit , It Is Called Interest Warrant. Interest Warrant Has All The Characteristics Of A Cheque.
<b>Interlinking</b>	Within The Target System, Interlinking Provides The Common Procedures And Infrastructure Which Allow Payment Orders To Move From One Domestic RtgS System To Another Domestic RtgS System. See Also Target.
<b>Internal Settlement</b>	A Settlement That Is Effected Through Transfers Of Securities And Funds On The Books Of A Single Intermediary. An Internal Settlement Requires Both Counterparties To Maintain Their Securities And Funds Accounts With The Same Intermediary.

## **BANKING TERMS & GLOSSARY**

<b>International Banking</b>	Involves More Than Two Nations Or Countries. If An Indian Bank Has Branches In Different Countries Like State Bank Of India, It Is Said To Do International Banking.
<b>International Central Securities Depository</b>	A Central Securities Depository Which Clears And Settles International Securities Or Cross-Border Transactions In Domestic Securities. At The Moment There Are Two Icsds Located In Eu Countries, Clearstream And Euroclear.
<b>Internet</b>	An Open Worldwide Communication Infrastructure Consisting Of Interconnected Computer Networks And Allowing Access To Remote Information And The Exchange Of Information Between Computers.
<b>Internet Banking</b>	Internet Banking Is A System Wherein Customers Can Conduct Their Transactions Through The Internet. This Kind Of Banking Is Also Known As E-Banking Or Online Banking.
<b>Interoperability</b>	A Situation In Which Payment Instruments Belonging To A Given Scheme May Be Used In Other Countries And In Systems Installed By Other Schemes. Interoperability Requires Technical Compatibility Between Systems, But Can Only Take Effect Where Commercial Agreements Have Been Concluded Between The Schemes Concerned.
<b>Intraday Credit</b>	See Daylight Credit.
<b>Intraday Liquidity</b>	Funds Which Can Be Accessed During The Business Day, Usually To Enable Financial Institutions To Make Payments In Real Time. See Also Intraday Credit.
<b>Intrinsic Value</b>	The Difference Of The Exercise Price Over The Market Price Of The Underlying Asset.
<b>Introduction</b>	Banks Are Careful In Opening Any Account For A Customer As The Prospective Customer Has To Be Introduced By An Existing Account Holder Or A Staff Member Or By Any Other Person Known To The Bank For Opening Of Account. If Bank Does Not Take Introduction, It Will Amount To Negligence And Will Not Get Protection Under Law.
<b>Investment Adviser</b>	A Person Who Carries On A Business Which Provides Investment Advice With Respect To Securities And Is Registered With The Relevant Regulator As An Investment Adviser.



## **BANKING TERMS & GLOSSARY**

<b>Investment Property</b>	An Investment Property Is A Real Estate Property That Generates Income For The Owner, In Terms Of Rent And Lease.
<b>Investment</b>	A Vehicle For Funds Expected To Increase Its Value And/Or Generate Positive Returns.
<b>Ipo Price</b>	The Price Of Share Set Before Being Traded On The Stock Exchange. Once The Company Has Gone Initial Public Offering, The Stock Price Is Determined By Supply And Demand.
<b>Irrevocable And Unconditional Transfer</b>	A Transfer Which Cannot Be Revoked By The Transferor And Is Unconditional.
<b>Irrevocable Transfer</b>	A Transfer Which Cannot Be Revoked By The Transferor.
<b>Iso</b>	International Organization For Standardization An International Body Whose Members Are National Standards Bodies And Which Approves, Develops And Publishes International Standards.
<b>Issuer</b>	In A Stored Value Or Similar Prepaid Electronic Money System, The Entity Which Receives Payment In Exchange For Value Distributed In The System And Which Is Obligated To Pay Or Redeem Transactions Or Balances Presented To It.
<b>Issuing Agent</b>	An Institution That Acts On Behalf Of The Issuer Of Securities In Distributing The Securities And In Realising The Proceeds Thereof For The Benefit Of The Issuer.
<b>Issuing Institution</b>	The Institution Receiving Funds In Exchange For Value Distributed In The System And, In Principle, Being Obligated To Pay Or Redeem The Customer'S Transactions And Unused Funds Which Are Presented To It. It Is Normally The Institution Which Invests The Float.
<b>Jhf Account</b>	Joint Hindu Family Account Is Account Of A Firm Whose Business Is Carried Out By Karta Of The Joint Family, Acting For All The Family Members.. The Family Members Have Common Ancestor And Generally Maintain A Common Residence And Are Subject To Common Social, Economic And Religious Regulations.
<b>Joint Account</b>	An Account Owned By Two Or More Persons. Either Party Can Conduct Transactions Separately Or Together As Set Forth.

## **BANKING TERMS & GLOSSARY**

<b>Joint And Several Liability</b>	This Is A Legal Term Utilized To Point That Two Or More Entities Are Individually Entirely Responsible, Instead Of Being Collectively Responsible.
<b>Judgment Clause</b>	This Relates To A Provision Regarding Bank Notes Of Hand Or Guarantees, And Includes The Authorization Of The Borrowers Or Sureties Given To The Bank, To Create A Judgment Lien, At Any Time After The Completion Of The Legal Instruments.
<b>Judicial Lien</b>	It Pertains To An Interest In The Holdings ,Which Are Gained From Judicial Or Court Orders.
<b>Jump Z-Tranche</b>	A Z-Tranche Is A Real Estate Mortgage Investment Conduit (Remic), Which Is Countenanced To Obtain Principal Sums, Before Prior Tranches Are No Longer Active.
<b>Junior Creditor</b>	A Creditor Who Possesses Junior Debt.
<b>Junior Debt</b>	The Responsibilities Of An Issuing Entity, For Which Quittance Has Contractually Been Considered, As A Priority Of Miscellaneous Liabilities Of The Same Debtor.
<b>Junk Bond</b>	High-Risk, Securities That Have Received Low Ratings (I.E. Standard & Poor'S Bbb Rating Or Below; Or Moody'S Bbb Rating Or Below) And As Such, Produce High Yields, So Long As They Do Not Go Into Default.
<b>Junk Bonds</b>	This Is A Recognized Term For High-Yield Sureties With Quality Standings Below Investment Grade.
<b>Kappa</b>	This Is A Greek Term Utilized In The Banking Sector That Relates To The Sensitiveness Of An Option'S Rate To Alterations In The Unpredictability Cost.
<b>Karta</b>	Manager Of A Hindu Undivided Family (Huf) Who Handles The Family Business. He Is Usually The Eldest Male Member Of The Undivided Family.
<b>Key</b>	A Unique Series Of Digits Used In Combination With A Cryptographic Algorithm.
<b>Key Length</b>	The Number Of Bits Comprising An Encryption Key.

## **BANKING TERMS & GLOSSARY**

<b>Key Rate Duration</b>	This Pertains To A Measure Of Duration, Which Computes Efficient Or Empirical Duration By Altering The Market Price For A Particular Maturity Date On The Yield Curve, While Keeping All Other Variables Constant.
<b>Key Management</b>	The Design Of The Life Cycle Of Keys And The Relationships Between Keys Which Are Used In A Computer System For Cryptographic Purposes. Alternatively, When Referring To A System In Operation, The Processes By Which Cryptographic Keys Used In A Computer System Are Generated, Stored And Updated.
<b>Kiosk Banking</b>	Doing Banking From A Cubicle From Which Food, Newspapers, Tickets Etc. Are Also Sold.
<b>Kiting</b>	Writing A Check In An Amount That Will Overdraw The Account But Making Up The Deficiency By Depositing Another Check On Another Bank. For Example, Mailing A Check For The Mortgage When Your Checking Account Has Insufficient Funds To Cover The Check, But Counting On Receiving And Depositing Your Paycheck Before The Mortgage Company Presents The Check For Payment.
<b>Knot Points</b>	It Relates To The Points That Are On The Yield Curve For Which There Are Discernible Rates For Traded Instruments.
<b>Kyc Norms</b>	Know Your Customer Norms Are Imposed By R.B.I. On Banks And Other Financial Institutions To Ensure That They Know Their Customers And To Ensure That Customers Deal Only In Legitimate Banking Operations And Not In Money Laundering Or Frauds.
<b>L/C</b>	See Letter Of Credit.
<b>Land Contract</b>	Otherwise Known As An Article Of Agreement, A Land Contract Denotes A Form Of Contract, Wherein The Buyer Makes Periodic Installment Payments To The Seller, In Order To Buy A Real Estate. But, The Title To The Property Is Not Transferred To The Buyer, Until He Makes The Final Payment.

## **BANKING TERMS & GLOSSARY**

<b>Land Flip</b>	A Colloquial Expression Used To Denote A Real Estate Fraud, Wherein The Prices Of Undeveloped Property Is Artificially Increased To High Amounts, Which Are Above The Fair Market Value. This Is Often Accomplished By A Group Of Colluding Buyers, Who Purchase And Resell The Same Property, Among Its Members, Several Times, Each Time Increasing The Price. When The Price Becomes Unrealistically High, They Sell The Property Or Raise A Loan For Its Development.
<b>Large-Value Funds Transfer System</b>	A Funds Transfer System Through Which Large-Value And Highpriority Funds Transfers Are Made Between Participants In The System For Their Own Account Or On Behalf Of Their Customers. Although, As A Rule, No Minimum Value Is Set For The Payments They Carry, The Average Size Of Payments Passed Through Such Systems Is Usually Relatively Large. Large-Value Funds Transfer Systems Are Sometimes Known As Wholesale Funds Transfer Systems.
<b>Large-Value Payments</b>	Payments, Generally Of Very Large Amounts, Which Are Mainly Exchanged Between Banks Or Between Participants In The Financial Markets And Usually Require Urgent And Timely Settlement.
<b>Late Charge</b>	The Fee Charged For Delinquent Payment On An Installment Loan, Usually Expressed As A Percentage Of The Loan Balance Or Payment. Also, A Penalty Imposed By A Card Issuer Against A Cardholder'S Account For Failing To Make Minimum Payments.
<b>Law Of Limitation</b>	Limitation Act Of 1963 Fixes The Limitation Period Of Debts And Obligations Including Banks Loans And Advances. If The Period Fixed For Particular Debt Or Loan Expires, One Cannot File A Suit For Is Recovery, But The Fact Of The Debt Or Loan Is Not Denied. It Is Said That Law Of Limitation Bars The Remedy But Does Not Extinguish The Right.
<b>Lease</b>	A Contract, Through Which, The Owner (Lessor) Of A Certain Property, Allows Another (Lessee) To Use The Same For A Specified Period, In Exchange For A Value Called The Rent.
<b>Lease Financing</b>	Financing For The Business Of Renting Houses Or Lands For A Specified Period Of Time And Also Hiring Out Of An Asset For The Duration Of Its Economic Life. Leasing Of A Car Or Heavy Machinery For A Specific Period At Specific Price Is An Example.

## **BANKING TERMS & GLOSSARY**

<b>Legal Ownership</b>	Recognition In Law As The Owner Of A Security Or Financial Instrument. It Is Usually Represented By Holding “Legal Title” And Sometimes Distinguished From Beneficial Ownership/Interest. See Also Beneficial Ownership/Interest, Legal Title.
<b>Legal Risk</b>	The Risk Of Loss Because Of The Unexpected Application Of A Law Or Regulation Or Because A Contract Cannot Be Enforced.
<b>Legal Title</b>	One Recognisable Or Enforceable In Law Or One Which Is Complete And Perfect As Regards The Apparent Right Of Ownership, And Possession, Which May Carry No Beneficial Interest.
<b>Lender</b>	An Individual Or Financial Institution That Lends Money With The Expectation That The Money Will Be Returned With Interest.
<b>Letter Of Credit</b>	A Promise By A Bank Or Other Issuer To A Third Party To Make Payment On Behalf Of A Customer In Accordance With Specified Conditions. Frequently Used In International Trade To Make Funds Available In A Foreign Location.
<b>Leverage Ratio</b>	Financial Ratios That Measure The Amount Of Debt Being Used To Support Operations And The Ability Of The Firm To Service Its Debt.
<b>Libor</b>	The London Interbank Offered Rate (Or Libor) Is A Daily Reference Rate Based On The Interest Rates At Which Banks Offer To Lend Unsecured Funds To Other Banks In The London Wholesale Money Market (Or Interbank Market). The Libor Rate Is Published Daily By The British Banker’S Association And Will Be Slightly Higher Than The London Interbank Bid Rate (Libid), The Rate At Which Banks Are Prepared To Accept Deposits.
<b>Lien</b>	Legal Claim Against A Property. Once The Property Is Sold, The Lien Holder Is Then Paid The Amount That Is Owed.
<b>Life Cap</b>	A Document Issued By A Bank (On Behalf Of The Buyer Or The Importer), Stating Its Commitment To Pay A Third Party (Seller Or The Exporter), A Specific Amount, For The Purchase Of Goods By Its Customer, Who Is The Buyer. The Seller Has To Meet The Conditions Given In The Document And Submit The Relevant Documents, In Order To Receive The Payment. Letters Of Credit Are Mainly Used In International Trade Transactions Of Huge Amounts, Wherein The Customer And The Supplier Live In Different Countries.

## **BANKING TERMS & GLOSSARY**

<b>Lifeline Account</b>	A Bank Account Meant For Customers With Low Incomes. These Accounts Are Characterized By Little Or No Monthly Fees And There Is No Strict Rule Regarding The Minimum Balance.
<b>Limit</b>	See Credit Limit.
<b>Limit Order</b>	An Order To Buy (Sell) Securities Which Specifies The Highest (Lowest) Price At Which The Order Is To Be Transacted.
<b>Limited Companies Accounts</b>	Accounts Of Companies Incorporated Under The Companies Act, 1956 . A Company May Be Private Or Public. Liability Of The Shareholders Of A Company Is Generally Limited To The Face Value Of Shares Held By Them.
<b>Limited Company</b>	The Passive Investors In A Partnership, Who Supply Most Of The Capital And Have Liability Limited To The Amount Of Their Capital Contributions.
<b>Limited-Purpose Prepaid Card</b>	A Prepaid Card Which Can Be Used For A Limited Number Of Well Defined Purposes. Its Use Is Often Restricted To A Number Of Well Identified Points Of Sale Within A Well Identified Location (Eg A Building, Corporation Or University). In The Case Of Single-Purpose Prepaid Cards, The Card Issuer And The Service Provider May Be Identical (Eg Cards Used In Public Telephones). See Also Prepaid Card.
<b>Line Of Credit</b>	A Pre-Approved Loan Authorization With A Specific Borrowing Limit Based On Creditworthiness. A Line Of Credit Allows Borrowers To Obtain A Number Of Loans Without Re-Applying Each Time As Long As The Total Of Borrowed Funds Does Not Exceed The Credit Limit.
<b>Liquidated Damages</b>	A Clause, Which Is Commonly Found In Contracts, Wherein The Parties Agree To Pay A Fixed Amount, In Case Of Any Breach Of The Contractual Provisions. The Party, Who Violates The Provisions Has To Pay The Amount To The Aggrieved Party.
<b>Liquidity Risk</b>	The Risk That A Counterparty (Or Participant In A Settlement System) Will Not Settle An Obligation For Full Value When Due. Liquidity Risk Does Not Imply That A Counterparty Or Participant Is Insolvent Since It May Be Able To Settle The Required Debit Obligations At Some Unspecified Time Thereafter.
<b>Liquidity</b>	The Ability To Convert An Investment Into Cash Quickly And With Little Or No Loss In Value.



## **BANKING TERMS & GLOSSARY**

<b>Listing Date</b>	The Date On Which Initial Public Offering Stocks Are First Traded On The Stock Exchange By The Public
<b>Listing</b>	Quotation Of The Initial Public Offering Company'S Shares On The Stock Exchange For Public Trading.
<b>Load</b>	The Action Of Transferring Electronic Balance From An Issuer To A Consumer'S Device.
<b>Loading Operator</b>	The Entity Providing The Technical Infrastructure For Loading Transactions.
<b>Loan Contract</b>	The Written Agreement Between A Borrower And A Lender In Which The Terms And Conditions Of The Loan Are Set.
<b>Loan Fee</b>	A Fee Charged By A Lender To Make A Loan (In Addition To The Interest Charged To The Borrower).
<b>Loan Modification Provision</b>	A Contractual Agreement In A Loan That Allows The Borrower Or Lender To Permanently Change One Or More Of The Terms Of The Original Contract.
<b>Loan-To-Value Ratio (Ltv)</b>	The Ratio Of The Loan Principal (Amount Borrowed) To The Appraised Value (Selling Price). For Example, On A \$100,000 Home, With A Mortgage Loan Principal Of \$80,000, The Loan-To-Value Ratio Is 80 Percent. The Ltv Will Affect Programs Available To The Borrower; Generally, The Lower The Ltv, The More Favorable The Program Terms Offered By Lenders.
<b>Local Agent</b>	A Custodian That Provides Custody Services For Securities Traded And Settled In The Country In Which It Is Located To Trade Counterparties And Settlement Intermediaries Located In Other Countries (Non-Residents).
<b>Local Check</b>	A Check Payable By, At, Or Through A Bank In The Same Check Processing Region As The Location Of The Branch Of The Depository Bank. The Depository Bank Is The Bank Into Which The Check Was Deposited. As Of February 27, 2010, The Federal Reserve Consolidated Its Checking Processing Centers Into One Processing Center. Therefore, All Checks Are Now Considered Local.

## **BANKING TERMS & GLOSSARY**

<b>Local Custodian</b>	A Custodian That Provides Custody Services For Securities Traded And Settled In The Country In Which The Custodian Is Located. See Also Global Custodian.
<b>Lock-In Period</b>	A Guarantee Given By The Lender That There Will Be No Change In The Quoted Mortgage Rates For A Specified Period Of Time, Which Is Called The Lock-In Period.
<b>Long Position</b>	A Condition In Which The Buyer Or Holder Of Securities Owns More Securities Than It Contracts To Deliver. See Also Short Sale.
<b>Long Term Debt</b>	An Amount Owed For A Period Exceeding One Year, From The Date Of Last Balance Sheet/Accounting Year. Otherwise Known As Funded Debts, Long Term Debts Refers To Those Loans, Which Become Due, After One Year From The Last Balance Sheet/Accounting Year. Such Debts Can Be A Bank Loan, Bonds, Mortgage, Debentures, Or Other Obligations.
<b>Long-Form Confirmation</b>	A Confirmation That Includes Key Legal Provisions From A Master Agreement. When No Master Agreement Has Been Executed Between The Counterparties, Use Is Sometimes Made Of A Longform Confirmation Or Of A Confirmation That Incorporates By Reference The Standard Terms Of A Master Agreement.
<b>Loss Given Default (Lgd)</b>	A Term Used To Denote The Actual Loss Incurred By A Bank, In Case Of Default By A Debtor To Pay Off The Loan. If There Is Any Collateral Pledged By The Debtor, The Value Of Such Assets Will Be Reduced From The Loan Amount.
<b>Loss-Sharing Agreement</b>	An Agreement Among Participants In A Clearing Or Settlement System Regarding The Allocation Of Any Losses Arising From The Default Of A Participant In The System Or Of The System Itself.
<b>Loss-Sharing Pools</b>	Cash, Securities Or Possibly Other Assets That Are Provided By The Participants In Advance And Are Held By The System To Ensure That Commitments Arising From Loss-Sharing Agreements Can Be Met.

## **BANKING TERMS & GLOSSARY**

<b>Loss-Sharing Rule</b>	An Agreement Between Participants In A Transfer System Or Clearing House Arrangement Regarding The Allocation Of Any Loss Arising When One Or More Participants Fail To Fulfil Their Obligation. The Arrangement Stipulates How The Loss Will Be Shared Among The Parties Concerned In The Event That The Agreement Is Activated. Also Called Loss-Sharing Agreement.
<b>Mac</b>	Message Authentication Code A Hash Algorithm Parameterised With A Key To Generate A Number Which Is Attached To The Message And Is Used To Authenticate It And To Guarantee The Integrity Of The Data Transmitted.
<b>Magnetic InkCharacterRecognition</b>	A Technique, Using Special Micr Machine-Readable Characters, ByWhich Documents (Ie Cheques, Credit Transfers, Direct Debits) AreRead By Machines For Electronic Processing. See Also OpticalCharacter Recognition.
<b>Mandate</b>	Written Authority Issued By A Customer To Another Person To Act On His Behalf, To Sign Cheques Or To Operate A Bank Account.
<b>Manufactured (Mobile) Home</b>	A Structure, Built On A Permanent Chassis, Transported To A Site In One Or More Sections, And Affixed To A Permanent Foundation. The Term Does Not Include Recreational Vehicles.
<b>Manufactured Payment</b>	An Equivalent Payment Made By The Borrower Of Securities To The Lender In Lieu Of Actual Dividends Or Other Income Earned On The Securities (Net Of Any Applicable Taxes), Which The Lender Would Have Received If It Had Not Lent The Securities.
<b>Margin</b>	Generally, The Term For Collateral Used To Secure An Obligation, Either Realised Or Potential. In Securities Markets, The Collateral Deposited By A Customer To Secure A Loan From A Broker To Purchase Shares. In Organisations With A Central Counterparty, The Deposit Of Collateral To Guarantee Performance On An Obligation Or Cover Potential Market Movements On Unsettled Transactions Is Sometimes Referred To As Margin.
<b>Margin Call</b>	A Notice To A Client That It Must Provide Money To Satisfy A Minimum Margin Requirement Set By An Exchange Or By A Bank / Broking Firm.

## **BANKING TERMS & GLOSSARY**

<b>Marginal Standing Facility Rate</b>	Msf Scheme Has Become Effective From 09Th May, 2011 Launched By The Rbi. Under This Scheme, Banks Will Be Able To Borrow Upto 1% Of Their Respective Net Demand And Time Liabilities. The Rate Of Interest On The Amount Accessed From This Facility Will Be 100 Basis Points (I.E. 1%) Above The Repo Rate. This Scheme Is Likely To Reduce Volatility In The Overnight Rates And Improve Monetary Transmission.
<b>Market Capitalization</b>	The Product Of The Number Of The Company'S Outstanding Ordinary Shares And The Market Price Of Each Share.
<b>Market Maker</b>	A Dealer Who Maintains An Inventory In One Or More Stocks And Undertakes To Make Continuous Two-Sided Quotes.
<b>Market Order</b>	An Order To Buy Or An Order To Sell Securities Which Is To Be Executed At The Prevailing Market Price.
<b>Market Risk</b>	The Risk Of Losses In On- And Off-Balance Sheet Positions Arising From Movements In Market Prices.
<b>Market Value</b>	Market Value Is The Value At Which The Demand Of Consumers And The Supply Of The Manufacturers Decide The Price Of A Commodity Or Service. The Market Value Is The Equilibrium Point On The Supply And Demand Graph, Where The Demand And Supply Curves Meet. Thus, Market Value Is Decided On The Basis Of The Number People Who Demand A Commodity And The Number Of Commodities That The Sellers Are Capable Of Selling.
<b>Marking To Market</b>	The Practice Of Revaluing Securities And Financial Instruments Using Current Market Prices. In Some Cases, Unsettled Contracts To Purchase Or Sell Securities Are Marked To Market And The Counterparty With An As Yet Unrealised Loss On The Contract Is Required To Transfer Funds Or Securities Equal To The Value Of The Loss To The Other Counterparty.
<b>Mask</b>	The Hardware Specifications That Define The Physical And Functional Properties Of The Ic Chip.
<b>Master Key</b>	A Cryptographic Key, Often Used To Generate Other Cryptographic Keys.

## **BANKING TERMS & GLOSSARY**

<b>Master Master Agreement</b>	An Umbrella Agreement That Provides For Closeout Netting Of Transactions Governed By Different Master Agreements. For Example, Where The Parties Have Used Separate Master Agreements To Cover Different Types Of Otc Derivatives Transaction, The Parties May Enter Into A Master Master Agreement In An Effort To Achieve A Greater Reduction Of Credit Risk.
<b>Matched Book</b>	Portfolio Of Assets And Portfolio Of Liabilities Having Equal Maturities. The Term Is Used Most Often In Reference To Money Market Instruments And Money Market Liabilities. In Reference To Securities Lending, This Entails Borrowing Securities And Then Relending The Same Securities For An Equivalent Period For The Purpose Of Borrowing And Lending Money At A Locked-In Rate. In Contrast, An Unmatched Book Refers To Borrowing And Lending Of The Same Securities For Different Maturities To Take A Short Or Long Interest Rate Position.
<b>Matching</b>	The Process For Comparing The Trade Or Settlement Details Provided By Counterparties To Ensure That They Agree With Respect To The Terms Of The Transaction. Also Called Comparison Checking.
<b>Material Alteration</b>	Alteration In An Instrument So As To Alter The Character Of An Instrument For Example When Date, Amount, Name Of The Payee Are Altered Or Making A Cheque Payable To Bearer From An Order One Or Opening The Crossing On A Cheque.
<b>Maturity</b>	The Term Maturity Is Used To Indicate The End Of Investment Period Of Any Fixed Investment Or Security. After Maturity, The Investor Is Repaid The Invested Amount Along With The Interest That Has Been Accumulated. For Example, On The Maturity Of A One Year Fixed Deposit, The Invested Sum Along With The Accumulated Interest, Is Transferred By The Bank To The Account Of The Investor.
<b>Maturity Date</b>	Maturity Date Is The Date On Which The Investment Or Security Attains Maturity. Mortgage Refinance A Mortgage Refinance Involves The Replacement Of Current Debt With Another Debt With More Convenient Terms And Conditions.
<b>Media</b>	Any Organization In The Business Of Informing The Public With News Or Commentary. The Various Forms Of Media Include Print, Television, Internet, And Radio.
<b>Memory Card</b>	An IC (Integrated Circuit) Card Capable Of Storing Information.

## **BANKING TERMS & GLOSSARY**

<b>Merchant Banking</b>	When A Bank Provides To A Customer Various Types Of Financial Services Like Accepting Bills Arising Out Of Trade, Arranging And Providing Underwriting, New Issues, Providing Advice, Information Or Assistance On Starting New Business, Acquisitions, Mergers And Foreign Exchange.
<b>Micr</b>	See Magnetic Ink Character Recognition.
<b>Micro Finance</b>	Micro Finance Aims At Alleviation Of Poverty And Empowerment Of Weaker Sections In India. In Micro Finance, Very Small Amounts Are Given As Credit To Poor In Rural, Semi-Urban And Urban Areas To Enable Them To Raise Their Income Levels And Improve Living Standards.
<b>Minimum Balance</b>	The Amount Of Money Required To Be On Deposit In An Account To Qualify The Depositor For Special Services Or To Waive A Service Charge.
<b>Minimum Payment</b>	The Minimum Dollar Amount That Must Be Paid Each Month On A Loan, Line Of Credit, Or Other Debt.
<b>Minimum Standards Of The Lamfalussy Report (Lamfalussy Standards)</b>	The Six Minimum Standards For The Design And Operation Of Crossborder And Multicurrency Netting Schemes Or Systems. (I) Netting Systems Should Have A Well Founded Legal Basis Under All Relevant Jurisdictions. (Ii) Netting Scheme Participants Should Have A Clear Understanding Of The Impact Of The Particular Scheme On Each Of The Financial Risks Affected By The Netting Process. (Iii) Multilateral Netting Systems Should Have Clearly Defined Procedures For The Management Of Credit Risks And Liquidity Risks Which Specify The Respective Responsibilities Of The Netting Provider And The Participants. These Procedures Should Also Ensure That All Parties Have Both The Incentives And The Capabilities To Manage And Contain Each Of The Risks They Bear And That Limits Are Placed On The Maximum Level Of Credit Exposure That Can Be Produced By Each Participant. (Iv) Multilateral Netting Systems Should, At A Minimum, Be Capable Of Ensuring The Timely Completion Of Daily Settlements In The Event Of An Inability To Settle By The Participant With The Largest Single Net Debit Position. (V) Multilateral Netting Systems Should Have Objective And Publicly Disclosed Criteria For Admission Which Permit Fair And Open Access. (Vi) All Netting Schemes Should Ensure The Operational Reliability Of Technical Systems And The Availability Of Backup Facilities Capable Of Completing Daily Processing Requirements.



## **BANKING TERMS & GLOSSARY**

<b>Minor Accounts</b>	A Minor Is A Person Who Has Not Attained Legal Age Of 18 Years. As Per Contract Act A Minor Cannot Enter Into A Contract But As Per Negotiable Instrument Act, A Minor Can Draw, Negotiate, Endorse, Receive Payment On A Negotiable Instrument So As To Bind All The Persons, Except Himself. In Order To Boost Their Deposits Many Banks Open Minor Accounts With Some Restrictions.
<b>Missing Payment</b>	A Payment That Has Been Made But Not Credited To The Appropriate Account.
<b>Mobile Banking</b>	With The Help Of M-Banking Or Mobile Banking Customer Can Check His Bank Balance, Order A Demand Draft, Stop Payment Of A Cheque, Request For A Cheque Book And Have Information About Latest Interest Rates.
<b>Mobile Home</b>	To Be Eligible For Coverage Under The National Flood Insurance Program, A Mobile Home Must Be On A Permanent Foundation And Meet Specific Anchoring Requirements For It Location. See Manufactured (Mobile) Home.
<b>Monetary Aggregate</b>	A Composite Monetary Variable Used As A Measure Of The Money Supply (And As Such Sometimes Adopted As An Intermediate Monetary Policy Objective Or As An Indicator Of Monetary Conditions) Comprising A Varying Range Of Liquid Assets Depending On Its Definition. Monetary Aggregates Range From Narrow To Broad. The Narrowly Defined Aggregate M1 Typically Includes Currency And Demand Deposits.
<b>Money Laundering</b>	When A Customer Uses Banking Channels To Cover Up His Suspicious And Unlawful Financial Activities, It Is Called Money Laundering.
<b>Money Market Deposit Account</b>	A Savings Account That Offers A Higher Rate Of Interest In Exchange For Larger Than Normal Deposits. Insured By The Fdic, These Accounts Have Limits On The Number Of Transactions Allowed And May Require Higher Balances To Receive The Higher Rate Of Interest.
<b>Money Market Fund</b>	An Open-Ended Mutual Fund That Invests In Short-Term Debts And Monetary Instruments Such As Treasury Bills And Pays Money Market Rates Of Interest. Money Market Funds Usually Offer Checkwriting Privileges. They Are Not Insured By The Fdic.
<b>Money Market</b>	Market In Which Short-Term Securities Are Bought And Sold.

## **BANKING TERMS & GLOSSARY**

<b>Money Order</b>	An Instrument Used To Remit Money To The Named Payee, Often Used By Persons Who Do Not Have A Chequing Account Relationship With A Financial Institution, To Pay Bills Or To Transfer Money To Another Person Or To A Company. There Are Three Parties To A Money Order The Remitter (Payer), The Payee And The Drawee. Drawees Are Usually Financial Institutions Or Post Offices. Payees Can Either Cash Their Money Orders Or Present Them To Their Bank For Collection.
<b>Money Laundering</b>	The Attempt To Conceal Or Disguise The Ownership Or Source Of The Proceeds Of Criminal Activity And To Integrate Them Into The Legitimate Financial Systems In Such A Way That They Cannot Be Distinguished From Assets Acquired By Legitimate Means. Typically This Involves The Conversion Of Cash-Based Proceeds Into Accountbased Forms Of Money.
<b>Moratorium</b>	R.B.I. Imposes Moratorium On Operations Of A Bank; If The Affairs Of The Bank Are Not Conducted As Per Banking Norms. After Moratorium R.B.I. And Government Explore The Options Of Safeguarding The Interests Of Depositors By Way Of Change In Management, Amalgamation Or Take Over Or By Other Means.
<b>Mortgage</b>	A Mortgage Is A Legal Agreement Between The Lender And Borrower Where Real Estate Property Is Used As A Collateral For The Loan, In Order To Secure The Payment Of The Debt. According To The Mortgage Agreement, The Lender Of The Loan Is Authorized To Confiscate The Property, The Moment The Borrower Stops Paying The Installments.
<b>Mortgage Loan</b>	A Loan Made By A Lender To A Borrower For The Financing Of Real Property.
<b>Mortgage</b>	A Debt Instrument Used In A Real Estate Transaction Where The Property Is The Collateral For The Loan. A Mortgage Gives The Lender A Right To Take Possession Of The Property If The Borrower Fails To Pay Off The Loan.
<b>Mortgagee</b>	The Lender In A Mortgage Loan Relationship.
<b>Mortgagor</b>	The Borrower In A Mortgage Loan Relationship. (Property Is Used As Collateral To Make Payment.)
<b>Multifunctional Cards</b>	A Card Which, In Addition To A Stored Value Card Function, May Include Other Payment Facilities Such As A Debit Or Credit Card Function And/Or Non-Payment Facilities.

## **BANKING TERMS & GLOSSARY**

<p><b>Multilateral Net Settlement Position</b></p>	<p>The Sum Of The Value Of All The Transfers A Participant In A Net Settlement System Has Received During A Certain Period Of Time Less The Value Of The Transfers Made By The Participant To All Other Participants. If The Sum Is Positive, The Participant Is In A Multilateral Net Credit Position; If The Sum Is Negative, The Participant Is In A Multilateral Net Debit Position.</p>
<p><b>Multilateral Net Settlement System</b></p>	<p>A Settlement System In Which Each Settling Participant Settles (Typically By Means Of A Single Payment Or Receipt) The Multilateral Net Settlement Position Which Results From The Transfers Made And Received By It, For Its Own Account And On Behalf Of Its Customers Or Non-Settling Participants For Which It Is Acting. See Also Direct Participant, Multilateral Net Settlement Position, Multilateral Netting, Settling Participant/Member</p>
<p><b>Multilateral Credit Limit</b></p>	<p>See Credit Limit.</p>
<p><b>Multilateral Netting</b></p>	<p>Netting On A Multilateral Basis Is Arithmetically Achieved By Summing Each Participant'S Bilateral Net Positions With The Other Participants To Arrive At A Multilateral Net Position. Such Netting Is Conducted Through A Central Counterparty (Such As A Clearing House) That Is Legally Substituted As The Buyer To Every Seller And The Seller To Every Buyer. The Multilateral Net Position Represents The Bilateral Net Position Between Each Participant And The Central Counterparty. See Also Netting.</p>
<p><b>Multiple Issuer Scheme</b></p>	<p>A Scheme In Which More Than One Institution Acts As Issuer.</p>
<p><b>Multipurpose Prepaid Card</b></p>	<p>A Prepaid Card Which Can Be Used At The Outlets Of Several Service Providers For A Wide Range Of Purposes, And Which Has The Potential To Be Used On A National Or International Scale But May Sometimes Be Restricted To A Certain Area. See Also Electronic Purse, Prepaid Card.</p>
<p><b>Multipurpose Prepaid Card Scheme</b></p>	<p>A Scheme In Which At Least Three Parties Are Involved The Issuer, The Cardholder And The Acceptor Of The Card. (Where One Acceptor Currently Exists, It Must Be Possible For Other Legally Distinct Acceptors To Join The Scheme.)</p>
<p><b>Mutual Fund</b></p>	<p>A Company That Invests In And Professionally Manages A Diversified Portfolio Of Securities And Sells Shares Of The Portfolio To Investors.</p>

## **BANKING TERMS & GLOSSARY**

<b>Mutual Offset System</b>	A Link Between Clearing Houses In Which Positions Entered Into On One Exchange Can Be Transferred To The Clearing House Of Another Exchange And Vice Versa. Also, Positions Need Not Be Transferred.
<b>Nabard</b>	National Bank For Agriculture & Rural Development Was Setup In 1982 Under The Act Of 1981. Nabard Finances And Regulates Rural Financing And Also Is Responsible For Development Agriculture And Rural Industries.
<b>National Bank</b>	A Bank Which Is Chartered By The Federal Government And Is A Member Of The Federal Reserve System By Default, Is Called A National Bank.
<b>National Bank Examiner</b>	An Employee Of The Comptroller Of The Currency Whose Function Is To Examine National Banks Periodically To Determine The Financial Position Of A Bank And The Security Of Its Deposits. The Examiner Also Verifies That The Bank Maintains Procedures Consistent With Federal Banking Laws And Regulations.
<b>National Credit Union Administration (Ncua)</b>	The Federal Regulatory Agency That Charters And Supervises Federal Credit Unions. (Ncua Also Administers The National Credit Union Share Insurance Fund, Which Insures The Deposits Of Federal Credit Unions.)
<b>National Flood Insurance Program (Nfip)</b>	The Program Of Flood Insurance Coverage And Floodplain Management Administered Under The Flood Disaster Protection Act (Fdpa Or Act) And Applicable Federal Regulations Found In Title 44 Of The Code Of Federal Regulations, Subchapter B.
<b>Negative Amortization</b>	When The Monthly Payment Is Unable To Cover The Principal And The Interest Due, There Is A Slow Increase In The Mortgage Debt. This Situation Is Termed As Negative Amortization.
<b>Negotiable Order Of Withdrawal Account (Now)</b>	A Savings Account From Which Withdrawals Can Be Made By Negotiable Orders Of Withdrawal (Functional Equivalent Of Checks). This Is An Interest-Bearing Account For Which The Bank Must Reserve The Right To Require The Depositor To Provide At Least Seven Days Notice Of His/Her Intent To Withdraw Funds.
<b>Negotiation</b>	In The Context Of Banking, Negotiation Means An Act Of Transferring Or Assigning A Money Instrument From One Person To Another Person In The Course Of Business.

## **BANKING TERMS & GLOSSARY**

<b>Net Asset Value</b>	The Underlying Value Of A Share Of Stock In A Particular Mutual Fund; Also Used With Preferred Stock.
<b>Net Credit (Or Debit) Position</b>	A Participant'S Net Credit Or Net Debit Position In A Netting System Is The Sum Of The Value Of All The Transfers It Has Received Up To A Particular Point In Time Less The Value Of All Transfers It Has Sent. If The Difference Is Positive, The Participant Is In A Net Credit Position; If The Difference Is Negative, The Participant Is In A Net Debit Position. The Net Credit Or Net Debit Position At Settlement Time Is Called The Net Settlement Position. These Net Positions May Be Calculated On A Bilateral Or Multilateral Basis.
<b>Net Debit Cap</b>	See Caps, Net Credit (Or Debit) Position.
<b>Net Income</b>	The Amount That Is Left After Paying The Taxes Is Called The Net Income.
<b>Net Margining</b>	Margining System In Which The Clearing Member Is Required To Deposit With The Clearing House Sufficient Initial Margin To Cover The Net Positions Of Its Clients. Clients, However, Are Typically Still Obligated To Deposit With The Clearing Member Initial Margin To Cover Their Own Positions. See Also Gross Margining.
<b>Net Operating Loss</b>	A Total Loss That Is Calculated For A Tax Year And Is Attributed To Business Or Casualty Losses.
<b>Net Settlement</b>	The Settlement Of A Number Of Obligations Or Transfers Between Or Among Counterparties On A Net Basis. See Also Netting.
<b>Net Settlement System</b>	A System In Which Transfer Orders Are Settled On A Net Basis. Some Systems Distinguish Between Types Of Transfer Orders And Settle Some, Such As Payment Orders, On A Net Basis And Others, Such As Securities Transfer Orders, On An Instruction By Instruction Basis.
<b>Netting</b>	An Agreed Offsetting Of Mutual Obligations By Trading Partners Or Participants In A System, Including The Netting Of Trade Obligations, For Example Through A Central Counterparty, And Also Agreements To Settle Securities Or Funds Transfer Instructions On A Net Basis.

## **BANKING TERMS & GLOSSARY**

<b>Netting By Novation</b>	Netting By Novation Agreements Provide For Individual Forwardvalue Contractual Commitments (Eg Foreign Exchange Contracts) To Be Discharged At The Time Of Their Confirmation And Replaced By New Obligations Forming Part Of A Single Agreement. Amounts Due Under A Discharged Contract Will Be Added To Running Balances Due Between The Parties In Each Currency At Each Future Value Date.
<b>Network Money</b>	Electronic Money Which Is Transferred Via Telecommunications Networks Such As The Internet.
<b>No Cash Out Refinance</b>	A Home Loan, Which Is At A Lower Interest, An Amount Which Does Not Go Over The Closing Costs And The Outstanding Principal Of The Original Mortgage.
<b>No Documentation Loan</b>	When The Applicant Furnishes Minimum Information, Giving, Only Name, Address, Contact Information For The Employer And Social Security Number, For The Application Of The Loan, It Is Called A No-Documentation Loan.
<b>Nominee</b>	A Person Or Entity Named By Another To Act On His Behalf. A Nominee Is Commonly Used In A Securities Transaction To Obtain Registration And Legal Ownership Of A Security.
<b>Non Recourse Loan</b>	A Loan Which Is Secured By Collateral And For Which The Borrower Is Not Personally Liable, Is Called A Non Recourse Loan.
<b>Non-Bank Financial Institution</b>	A Financial Institution That Does Not Come Under The Definition Of A “Bank” (Eg A Financial Institution Other Than A Credit Institution In Europe Or A Depository Institution In The United States).
<b>Non-Cash Clearing</b>	A Method For Clearing Futures Contracts In Which Positions Are Periodically Marked To Market And Resulting Obligations Are Collateralised. See Also Cash Clearing
<b>Non-Fund Based Limits</b>	Non-Fund Based Limits Are Those Type Of Limits Where Banker Does Not Part With The Funds But May Have To Part With Funds In Case Of Default By The Borrowers, Like Guarantees, Letter Of Credit And Acceptance Facility.
<b>Non-Liquid Asset</b>	A Possession Or Asset Which Cannot Be Changed Into Cash Very Easily Is Called Non Liquid Asset.



## **BANKING TERMS & GLOSSARY**

<b>Non-Recurring Closing Costs</b>	A Lump Sum Fees Paid At A Real Estate Set Up, Which Includes Appraisal, Origination, Title Insurance, Credit Report And Points, Is Referred To As Non-Recurring Closing Costs.
<b>Nonrepudiability</b>	The Ability To Prevent Denial Or Repudiation By The Sender Or Receiver Of A Payment Message.
<b>Non-Resident Accounts</b>	Accounts Of Non-Resident Indian Citizens Opened And Maintained As Per R.B.I. Rules.
<b>Non-Resident</b>	A Person Who Is Not A Resident Of India Is A Non-Resident.
<b>Not Automatically Protected</b>	There Are Several Types Of Federal Benefits That Are Not Automatically Protected Under 31Cfr 212 Federal Benefits Received By Check Rather Than Direct Deposit; Federal Benefits Received More Than Two Months Before The Bank Received The Garnishment Order Or Federal Benefits That Were Transferred To Another Bank Account. The Benefits May Be Exempt From Garnishment But You Will Have To Alert The Court Or Creditor.
<b>Notary Public</b>	A Lawyer Who Is Authorized By Government To Certify Copies Of Documents .
<b>Note-Based System</b>	An Electronic Money System In Which The Electronic Funds Are Represented By Records (Electronic Notes) That Are Uniquely Identified By A Serial Number And Are Associated With A Fixed, Unchangeable Denomination.
<b>Novation</b>	Satisfaction And Discharge Of Existing Contractual Obligations By Means Of Their Replacement By New Obligations (Whose Effect, For Example, Is To Replace Gross With Net Payment Obligations). The Parties To The New Obligations May Be The Same As Those To The Existing Obligations Or, In The Context Of Some Clearing House Arrangements, There May Additionally Be Substitution Of Parties. See Also Substitution.
<b>Npa Account</b>	If Interest And Installments And Other Bank Dues Are Not Paid In Any Loan Account Within A Specified Time Limit, It Is Being Treated As Non-Performing Assets Of A Bank.
<b>Obligation</b>	A Duty Imposed By Contract Or Law. It Is Also Used To Describe A Security Or Other Financial Instrument, Such As A Bond Or Promissory Note, Which Contains The Issuer'S Undertaking To Pay The Owner.

## **BANKING TERMS & GLOSSARY**

<b>OCR</b>	See Optical Character Recognition.
<b>Off Balance Sheet Items</b>	Those Items Which Affect The Financial Position Of A Business Concern, But Do Not Appear In The Balance Sheet E,G Guarantees, Letters Of Credit . The Mention "Off Balance Sheet Items" Is Often Found In Auditors Reports Or Directors Reports.
<b>Off-Balance Sheet Transactions</b>	Financial Transactions That Are Not Reflected On The Balance Sheet Of The Financial Institution Conducting Them. An Example Would Be The Purchase Or Sale Of Financial Assets In Futures Markets.
<b>Offer For Sale</b>	An Offer To The Public By, Or On Behalf Of, The Holders Of Securities Already In Issue.
<b>Offer For Subscription</b>	The Offer Of New Securities To The Public By The Issuer Or By Someone On Behalf Of The Issuer.
<b>Official Check</b>	A Check Drawn On A Bank And Signed By An Authorized Bank Official. (Also Known As A Cashier'S Check.)
<b>Offline</b>	In The Context Of Payment And Settlement Systems, The Term May Refer To The Transmission Of Transfer Instructions By Users, Through Such Means As Voice, Written Or Telefaxed Instructions, That Must Subsequently Be Input Into A Transfer Processing System. The Term May Also Refer To The Storage Of Data By The Transfer Processing System On Media Such As Magnetic Tape Or Disk Such That The User May Not Have Direct And Immediate Access To The Data. See Also Online.
<b>Offline Debit Card</b>	This Refers To A Card Which Is Issued By A Bank And Has A Visa Or Mastercard Logo On It. It Can Be Issued, Either Instead Of Or Along With A Atm Card.
<b>Offset, Right Of</b>	Banks' Legal Right To Seize Funds That A Guarantor Or Debtor May Have On Deposit To Cover A Loan In Default. It Is Also Known As Right Of Setoff
<b>Offsetting</b>	See Netting.

## **BANKING TERMS & GLOSSARY**

<b>Omnibus Account</b>	A Single Account For The Commingled Funds Or Positions Of Multiple Parties. A Clearing Member Will Often Maintain An Omnibus Account At The Clearing House For All Of The Clearing Member'S Clients. In This Case, The Clearing Member Is Responsible For Maintaining Account Records For Individual Clients.
<b>Omnibus Customer Account</b>	An Account In Which The Securities Held By A Participant On Behalf Of All (Or At Least Several) Of Its Customers Are Kept. See Also Proprietary Account, Segregation.
<b>One-Way Hash Function</b>	A Mathematical Algorithm (Hash Algorithm) Applied To A Message To Generate A Number That Is Attached To The Message And Is Used To Verify The Integrity Of The Data Transmitted. The Result Of The Application Of A Hash Function To A Message Is Called A Hash Value.
<b>Onlend</b>	To Borrow A Security From One Party And Then Lend The Same Security To Another Party.
<b>Online</b>	In Electronic Money Systems, Indicates That A Direct Connection Is Made To A Centralised Computer System For Authorisation Or Validation Before A Transaction Can Be Executed.
<b>Online Banking</b>	The Accessing Of Bank Information, Accounts And Transactions With The Help Of A Computer Through The Financial Institution'S Website On The Internet, Is Called Online Banking. It Is Also Called Internet Banking Or E-Banking.
<b>Open End Credit</b>	Open End Credit Means A Line Of Credit That Can Be Used A Number Of Times, Up To A Certain Limit. Another Name For This Type Of Credit Is Charge Account Or Revolving Credit.
<b>Open Market Sales</b>	Sales Of Marketable Securities Conducted In Secondary Financial Markets By Central Banks In Order To Reduce The Amount Of Bank Reserves (Liquidity) Held By Banks.
<b>Open Network</b>	Telecommunications Network To Which Access Is Not Restricted.

## **BANKING TERMS & GLOSSARY**

<p><b>Open Offer Netting</b></p>	<p>Describes A Contractual Means By Which A Third Party, Such As A Clearing House, Becomes Party To A Transaction Agreed By Two Separate Entities. The Third Party Extends An “Open Offer” To Those Entities, With The Effect That If They Agree The Terms Of A Transaction Which Satisfies Certain Pre-Agreed Conditions, The Third Party Automatically And Immediately Becomes Interposed In That Transaction. Two Separate, Equal And Opposite Contractual Obligations Are Created, Between The Clearing House And One Party, And Between The Clearing House And The Other Entity. If All Pre-Agreed Conditions Are Met, At No Stage Does A Direct Contractual Obligation Exist Between The Two Entities.</p>
<p><b>Open Offer</b></p>	<p>An Offer To Current Holders Of Securities To Subscribe For Securities Whether Or Not In Proportion To Their Existing Holdings.</p>
<p><b>Open Outcry Trading</b></p>	<p>Trading That Is Conducted On The Floor Of An Exchange Without Any Electronic Intermediation. See Also Screen-Based Trading.</p>
<p><b>Open Transactions</b></p>	<p>Transactions With No Fixed Maturity Date, With The Possibility Of Terminating The Transaction Or Refixing Its Terms Or Substituting Collateral Daily.</p>
<p><b>Open-End (Mutual) Fund</b></p>	<p>There Is No Limit To The Number Of Shares The Fund Can Issue. The Fund Issues New Shares Of Stock And Fills The Purchase Order With Those New Shares. Investors Buy Their Shares From, And Sell Them Back To, The Mutual Fund Itself. The Share Prices Are Determined By Their Net Asset Value.</p>
<p><b>Open-End Credit</b></p>	<p>A Credit Agreement (Typically A Credit Card) That Allows A Customer To Borrow Against A Preapproved Credit Line When Purchasing Goods And Services. The Borrower Is Only Billed For The Amount That Is Actually Borrowed Plus Any Interest Due. (Also Called A Charge Account Or Revolving Credit.)</p>
<p><b>Opening (Or Front) Leg</b></p>	<p>First Leg Of A Pair Of Transactions In The Same Securities, Ie A Securities Lending Transaction - One For A Near Value Date, The Other For A Value Date Further Into The Future. See Also Closing (Or Back) Leg.</p>

## **BANKING TERMS & GLOSSARY**

<b>Operating Subsidiary</b>	National Banks Conduct Some Of Their Banking Activities Through Companies Called Operating Subsidiaries. These Subsidiaries Are Companies That Are Owned Or Controlled By A National Bank And That, Among Other Things, Offer Banking Products And Services Such As Loans, Mortgages, And Leases. The Office Of The Comptroller Of The Currency Supervises And Regulates The Activities Of Many Of These Operating Subsidiaries.
<b>Operating System</b>	That Part Of The Software Of A Computer System (Including Chips) That Is Closely Tied To The Hardware On Which It Runs And That Performs Basic Input/Output Operations, Computations, Memory Management, Etc.
<b>Operational Risk</b>	The Risk That Deficiencies In Information Systems Or Internal Controls Could Result In Unexpected Losses
<b>Operational Safe Custody Accounts</b>	Securities Accounts Run By The Central Bank In Which Credit Institutions Can Place Securities Deemed Suitable For The Backing Of Central Bank Operations. The Securities Held On These Accounts Are Finally Deposited With The Csd Under The Name Of The National Central Bank (Ncb), So That The Transfer Into A Safe Custody Account Results In A Transfer Between The Bank'S And The Ncb'S Account With The Csd. The Securities Deposited With The Ncb Are Generally Pledged To The Ncb As Collateral For (Interest Bearing) Overnight And (Interest Free) Intraday Lombard Loans. They Can Also Be Used For Open Market Transactions (Repos) Based On A General Authorisation Given To The Ncb To Acquire Securities.
<b>Optical Character Recognition</b>	A Technique, Using Special Ocr Machine-Readable Characters, By Which Documents (Eg Cheques, Credit Transfers, Direct Debits) Are Read By Machines For Electronic Processing. See Also Magnetic Ink Character Recognition.
<b>Optimisation Routine</b>	Routine Processes In A Payment System To Determine The Order In Which Payments Are Accepted For Settlement. Optimisation Routines Are Used To Improve System Liquidity And Increase Settlement Efficiency. See Also Queuing, Scheduling.
<b>Option Contract</b>	A Contract That Gives The Buyer The Right, But Not The Obligation, To Buy Or Sell An Underlying Asset By (Or On) A Specific Date For A Specific Price. For This Right The Purchaser Pays A Premium.

## **BANKING TERMS & GLOSSARY**

<b>Option</b>	A Security That Gives The Holder The Right To Buy Or Sell A Certain Amount Of An Underlying Financial Asset At A Specified Price For A Specified Period Of Time.
<b>Options-Style Margining</b>	A Method Of Margining Derivative Contracts In Which Positions Are Marked To Market And Current Exposures Are Collateralised. When An Option Contract Is Margined Using Such A System, The Buyer Of The Option Pays The Premium In Full At The Time Of The Purchase. The Seller Of The Option Receives The Premium And Collateralises Current Exposures As They Occur. See Also Futures-Style Margining.
<b>Ordinary Dividends</b>	Dividends, Which Are A Distribution Of The Profits Of A Company, Are Called Ordinary Dividends.
<b>Ordinary Income</b>	Income, Not Qualifying As A Capital Gain, Is Called Ordinary Income.
<b>Original Principal Balance</b>	The Amount Borrowed By Any Borrower Is Called The Original Principal Balance.
<b>Origination Fee</b>	The Charges A Lender Or Creditor Levies For Processing A Loan. It Includes Cost Of Loan Document Preparation, Verification Of The Credit History Of The Borrower And Conducting An Overall Appraisal.
<b>Out-Of-Themoney</b>	A Term Used To Describe An Option Contract That Would Produce A Negative Cash Flow For The Holder If It Were Exercised Now.
<b>Outstanding Check</b>	A Check Written By A Depositor That Has Not Yet Been Presented For Payment To Or Paid By The Depositor'S Bank.
<b>Over The Counter</b>	A Method Of Trading That Does Not Involve An Exchange. In Overthe- Counter Markets, Participants Trade Directly With Each Other, Typically Through Telephone Or Computer Links.
<b>Overdraft</b>	As The Name Suggests, It Is A Check Or Rather An Amount Of Check ,Which Is Above The Balance Available In The Account Of The Payer.
<b>Overdraft Protection</b>	A Service Which Permits A Verification Account To Be Connected To Other Savings Or Line Of Credit For Facilitation Of Protection Against Overdraft Is Called Overdraft Protection.



## **BANKING TERMS & GLOSSARY**

<b>Overdraw</b>	To Write A Check For An Amount That Exceeds The Amount On Deposit In The Account.
<b>Overlimit</b>	An Open-End Credit Account In Which The Assigned Dollar Limit Has Been Exceeded.
<b>Overnight Money</b>	A Loan With A Maturity Of One Business Day. Also Called Day-To-Day Money.
<b>Oversight</b>	A Public Policy Activity Principally Intended To Promote The Safety And Efficiency Of Payment And Securities Settlement Systems And In Particular To Reduce Systemic Risk.
<b>Oversight Of Payment Systems</b>	A Central Bank Task, Principally Intended To Promote The Smooth Functioning Of Payment Systems And To Protect The Financial System From Possible “Domino Effects” Which May Occur When One Or More Participants In The Payment System Incur Credit Or Liquidity Problems. Payment Systems Oversight Aims At A Given System (Eg A Funds Transfer System) Rather Than Individual Participants.
<b>Oversubscribed</b>	When An Initial Public Offering Has More Applications Than Actual Shares Available. Investors Will Often Apply For More Shares Than Required In Anticipation Of Only Receiving A Fraction Of The Requested Number. Investors And Underwriters Will Often Look To See If An Ipo Is Oversubscribed As An Indication Of The Public Perception Of The Business Potential Of The Ipo Company.
<b>Owner Financing</b>	When The Seller Loans The Whole Sum Or A Part Of It To A Buyer, It Is Called Owner Financing.
<b>Paperless Credit Transfers</b>	Credit Transfers That Do Not Involve The Exchange Of Paper Documents Between Banks. Other Credit Transfers Are Referred To As Being Paper-Based.
<b>Par Bond</b>	A Bond Selling At Par (I.E. At Its Face Value).
<b>Par Value</b>	The Face Value Of A Security.

## **BANKING TERMS & GLOSSARY**

<b>Participant/ Member</b>	A Party Who Participates In A Transfer System. This Generic Term Refers To An Institution Which Is Identified By A Transfer System (Eg By A Bank Identification Number) And Is Allowed To Send Payment Orders Directly To The System Or Which Is Directly Bound By The Rules Governing The Transfer System. See Also Direct Participant/ Member, Indirect Participant/Member.
<b>Participating Community</b>	A Community For Which The Federal Emergency Management Agency (Fema) Has Authorized The Sale Of Flood Insurance Under The National Flood Insurance Program (Nfip).
<b>Pass Book</b>	A Record Of All Debit And Credit Entries In A Customer'S Account. Generally All Banks Issue Pass Books To Savings Bank/Current Account Holders.
<b>Past Due Item</b>	Any Note Or Other Time Instrument Of Indebtedness That Has Not Been Paid On The Due Date.
<b>Payday Loans</b>	A Small-Dollar, Short-Term Loan That A Borrower Promises To Repay Out Of Their Next Paycheck Or Deposit Of Funds.
<b>Payee</b>	Payee Is The Person To Whom The Money Is To Be Paid By The Payer.
<b>Payer</b>	Payer Is The Person Who Pays The Money To The Payee.
<b>Paying (Payor) Bank</b>	A Bank Upon Which A Check Is Drawn And That Pays A Check Or Other Draft.
<b>Paying Agent</b>	An Institution That, Acting On Behalf Of An Issuer, Makes Payments To Holders Of Securities (Eg Payments Of Interest Or Principal).
<b>Payment</b>	The Payer'S Transfer Of A Monetary Claim On A Party Acceptable To The Payee. Typically, Claims Take The Form Of Banknotes Or Deposit Balances Held At A Financial Institution Or At A Central Bank.
<b>Payment Card Company</b>	A Company Which Owns Trademarks Of Payment Cards (Credit, Debit Or Prepaid Cards) And May Also Provide A Number Of Marketing, Processing Or Other Services To Institutions Issuing Its Cards.

## **BANKING TERMS & GLOSSARY**

<b>Payment Due Date</b>	The Date On Which A Loan Or Installment Payment Is Due. It Is Set By A Financial Institution. Any Payment Received After This Date Is Considered Late; Fees And Penalties Can Be Assessed.
<b>Payment Lag</b>	The Time Lag Between The Initiation Of The Payment Order And Its Final Settlement.
<b>Payment Netting</b>	Settling Payments Due On The Same Date And In The Same Currency On A Net Basis.
<b>Payment Order</b>	An Order Or Message Requesting The Transfer Of Funds (In The Form Of A Monetary Claim On A Party) To The Order Of The Payee. The Order May Relate Either To A Credit Transfer Or To A Debit Transfer. Also Called Payment Instruction.
<b>Payment Versus Payment</b>	A Mechanism In A Foreign Exchange Settlement System Which Ensures That A Final Transfer Of One Currency Occurs If And Only If A Final Transfer Of The Other Currency Or Currencies Takes Place.
<b>Payment Instrument</b>	Any Instrument Enabling The Holder/User To Transfer Funds.
<b>Payment Message/ Instruction</b>	An Order Or Message To Transfer Funds (In The Form Of A Monetary Claim On A Party) To The Order Of The Beneficiary. The Order May Relate Either To A Credit Transfer Or To A Debit Transfer. See Also Credit Transfer, Debit Transfer System, Payment.
<b>Payment System</b>	A Payment System Consists Of A Set Of Instruments, Banking Procedures And, Typically, Interbank Funds Transfer Systems That Ensure The Circulation Of Money.
<b>Payoff Statement</b>	A Formal Statement Prepared When A Loan Payoff Is Contemplated. It Shows The Current Status Of The Loan Account, All Sums Due, And The Daily Rate Of Interest.
<b>Payoff</b>	The Complete Repayment Of A Loan, Including Principal, Interest, And Any Other Amounts Due. Payoff Occurs Either Over The Full Term Of The Loan Or Through Prepayments.
<b>Payor</b>	The Person Or Organization Who Pays.

## **BANKING TERMS & GLOSSARY**

<b>Pemcia Card</b>	Personal Computer Media Control Interface Adapter A Device That Is Attached Externally To A Pc And Can Perform Various Functions Such As Memory Storage And Modem Communications. Pcmcia Cards Can Be Designed In Such A Way As To Provide A Certain Level Of Tamper-Resistance.
<b>Penalty Rate</b>	Extra Payment Made To Workers For Working More Than Normal Working Hours Is Known As Penalty Rate.
<b>Periodic Rate</b>	The Interest Rate Described In Relation To A Specific Amount Of Time. The Monthly Periodic Rate, For Example, Is The Cost Of Credit Per Month; The Daily Periodic Rate Is The Cost Of Credit Per Day.
<b>Periodic Statement</b>	The Billing Summary Produced And Mailed At Specified Intervals, Usually Monthly.
<b>Perpetual Bonds</b>	Bonds Which Have No Maturity Date.
<b>Personal Identification Number (Pin)</b>	Personal Identification Number Is A Number Which An Atm Card Holder Has To Key In Before He Is Authorized To Do Any Banking Transaction In A Atm .
<b>Personal Identification Number</b>	A Numeric Code Which The Cardholder May Need To Quote For Verification Of Identity. In Electronic Transactions, It Is Seen As The Equivalent Of A Signature.
<b>Personalisation</b>	The Phase Of The Ic Card Manufacturing Process During Which Customer Information Is Loaded Into The Card.
<b>Pin</b>	See Personal Identification Number
<b>Piti</b>	Common Acronym For Principal, Interest, Taxes, And Insurance—Used When Describing The Monthly Charges On A Mortgage.
<b>Placing</b>	Obtaining Subscriptions For, Or The Sale Of, Primary Market, Where The New Securities Of Issuing Companies Are Initially Sold.

## **BANKING TERMS & GLOSSARY**

<b>Plain Vanilla Transactions</b>	The Most Common And Generally The Simplest Types Of Derivatives Transaction. Plain Vanilla Is A Relative Concept, And No Precise List Of Plain Vanilla Transactions Exists. Transactions That Have Unusual Or Less Common Features Are Often Called Exotic Or Structured.
<b>Plaintext</b>	Data Which Are Not Encrypted And Are Therefore In A Readable Form.
<b>Plastic Money</b>	Credit Cards, Debit Cards, Atm Cards And International Cards Are Considered Plastic Money As Like Money They Can Enable Us To Get Goods And Services.
<b>Pledge</b>	A Delivery Of Property To Secure The Performance Of An Obligation Owed By One Party (Debtor/Pledgor) To Another (Secured Party). A Pledge Creates A Security Interest (Lien) In The Property So Delivered. See Also Security Interest.
<b>Point Of Sale</b>	This Term Refers To The Use Of Payment Cards At A Retail Location (Point Of Sale). The Payment Information Is Captured Either By Paper Vouchers Or By Electronic Terminals, Which In Some Cases Are Designed Also To Transmit The Information. Where This Is So, The Arrangement May Be Referred To As "Electronic Funds Transfer At The Point Of Sale" (Eftpos).
<b>Point Of Sale (Pos)</b>	Point Of Sale A Terminal Is Where Cash Registers Are Replaced By Computerized Systems.
<b>Portfolio</b>	A Collection Of Investment Vehicles Assembled To Meet One Or More Investment Goals.
<b>Pos</b>	See Point Of Sale.
<b>Position Limit</b>	A Restriction On The Number Of Contracts Or Share Of A Contract'S Open Interest That A Single Entity May Hold.
<b>Position Netting</b>	The Netting Of Instructions In Respect Of Obligations Between Two Or More Parties Which Neither Satisfies Nor Discharges Those Original Individual Obligations. Also Referred To As Payment Netting, In The Case Of Payment Instructions, And Advisory Netting.

## **BANKING TERMS & GLOSSARY**

<b>Post-Dated Cheque</b>	A Cheque Which Bears The Date Which Is Subsequent To The Date When It Is Drawn. For Example, A Cheque Drawn On 8Th Of February, 2007 Bears The Date Of 12Th February, 2007.
<b>Posting Date</b>	Posting Date Is The Date On Which Outdoor Advertisements Hit The Markets. Usually These Dates Are In Multiples Of Five.
<b>Potential Future Exposure</b>	The Additional Exposure That A Counterparty Might Potentially Assume During The Life Of A Contract Or Set Of Contracts Beyond The Current Replacement Cost Of The Contract Or Set Of Contracts. See Also Current Exposure.
<b>Power Of Attorney</b>	A Written Instrument Which Authorizes One Person To Act As Another'S Agent Or Attorney. The Power Of Attorney May Be For A Definite, Specific Act, Or It May Be General In Nature. The Terms Of The Written Power Of Attorney May Specify When It Will Expire. If Not, The Power Of Attorney Usually Expires When The Person Granting It Dies. Some Institutions Require That You Use The Bank'S Power Of Attorney Forms. (The Bank May Refer To This As A Durable Power Of Attorney The Principal Grants Specific Rights To The Agent.)
<b>Preauthorized Electronic Fund Transfers</b>	An Eft Authorized In Advance To Recur At Substantially Regular Intervals.
<b>Preauthorized Payment</b>	A System Established By A Written Agreement Under Which A Financial Institution Is Authorized By The Customer To Debit The Customer'S Account In Order To Pay Bills Or Make Loan Payments.
<b>Preference Shares</b>	A Corporate Security That Pays A Fixed Dividend Each Period. It Is Senior To Ordinary Shares But Junior To Bonds In Its Claims On Corporate Income And Assets In Case Of Bankruptcy.
<b>Preferred Risk Policy (Prp)</b>	A Policy That Offers Fixed Combinations Of Building/Contents Coverage Or Contents-Only Coverage At Modest, Fixed Premiums. The Prp Generally Is Available For Property Located In B, C, And X Zones In Regular Program Communities That Meets Eligibility Requirements Based On The Property'S Flood Loss History.
<b>Prefunding</b>	The Requirement That Funds Be Available In Accounts At The Settlement Institution Before Institutions Use These Accounts To Extinguish Their Settlement Obligations.



## **BANKING TERMS & GLOSSARY**

<b>Pre-Matching Process</b>	Process For Comparison Of Trade Or Settlement Information Between Counterparties That Occurs Before Other Matching Or Comparison Procedures. Generally, Pre-Matching Does Not Bind Counterparties As Matching Can Do.
<b>Premature Withdrawals</b>	Term Deposits Like Fixed Deposits, Call Deposits, Short Deposits And Recurring Deposits Have To Mature On A Particular Day. When These Deposits Are Sought To Be Withdrawn Before Maturity , It Is Premature Withdrawal.
<b>Premium (Warrants)</b>	The Difference Of The Market Price Of A Warrant Over Its Intrinsic Value.
<b>Premium Bond</b>	Bond Selling Above Par.
<b>Prepaid Card</b>	A Card On Which Value Is Stored, And For Which The Holder Has Paid The Issuer In Advance. See Also Electronic Purse, Limited-Purpose Prepaid Card, Multipurpose Prepaid Card, Stored Value Card.
<b>Prepaid Card Acceptor</b>	The Party Agreeing To Deliver Goods Or Services Against Payments Made With A Prepaid Card.
<b>Prepaid Cardholder</b>	The Customer Associated With The Prepaid Cardholder'S Identification On The Card Or The Customer Owning The Card In The Case Of Anonymous Card Products Not Related To Any Account.
<b>Prepayment Clause</b>	A Clause In A Mortgage Allowing The Mortgagor To Pay Off Part Or All Of The Unpaid Debt Before It Becomes Due.
<b>Prepayment Penalty</b>	A Penalty Imposed On A Borrower For Repaying The Loan Before Its Due Date. (In The Case Of A Mortgage, This Applies When There Is Not A Prepayment Clause In The Mortgage Note To Offset The Penalty.)
<b>Prepayment</b>	The Payment Of A Debt Before It Actually Becomes Due.
<b>Pre-Qualification</b>	A Preliminary Stage Prior To Bidding Process, Where The Applicant Is Verified Of Whether He Has The Resources And The Ability To Do A Given Job.
<b>Present Value Of An Annuity</b>	The Amount To Which A Stream Of Equal Cash Flows That Occur In Equal Intervals Will Discount Back To Present When It Is Depreciated In An Account Paying Compound Interest.

## **BANKING TERMS & GLOSSARY**

<b>Present Value</b>	The Amount To Which A Future Deposit Will Discount Back To Present When It Is Depreciated In An Account Paying Compound Interest.
<b>Pre-Settlement Risk (Replacement Cost Risk)</b>	The Risk That A Counterparty To An Outstanding Transaction For Completion At A Future Date Will Fail To Perform On The Contract Or Agreement During The Life Of The Transaction. The Resulting Exposure Is The Cost Of Replacing The Original Transaction At Current Market Prices And Is Also Known As Replacement Cost Risk. See Also Credit Risk/Exposure.
<b>Previous Balance</b>	Previous Balance Is An Outstanding Amount Which Appears On The Credit Card Statement On Date When It Is Generated.
<b>Price/Earnings Ratio (P/E)</b>	The Measure To Determine How The Market Is Pricing The Company'S Common Stock. The Price/Earnings (P/E) Ratio Relates The Company'S Earnings Per Share (Eps) To The Market Price Of Its Stock.
<b>Prime Lending Rate (Plr)</b>	The Rate At Which Banks Lend To Their Best (Prime) Customers.
<b>Prime Brokerage</b>	The Provision By Firms (Eg Large Securities Houses) Of Credit, Clearing, Securities Lending And Other Services To Clients (Typically Hedge Funds).
<b>Principal</b>	A Party To A Transaction That Acts On Its Own Behalf. In Acting As A Principal, A Firm Is Buying/Selling (Or Lending/Borrowing) From Its Own Account For Position And Risk, Expecting To Make A Profit. A Lender Institution Offering Customers' Securities On An Undisclosed Basis May Also Be Considered To Be Acting As Principal.
<b>Principal Balance</b>	The Outstanding Balance On A Loan, Excluding Interest And Fees.
<b>Principal Risk</b>	The Risk That The Seller Of A Security Delivers A Security But Does Not Receive Payment Or That The Buyer Of A Security Makes Payment But Does Not Receive Delivery. In This Event, The Full Principal Value Of The Securities Or Funds Transferred Is At Risk.
<b>Principal-ToprincipalRelationship</b>	A Contractual Relationship In Which Both Parties Are Acting On Their Own Behalf And Are Responsible For Performance Of Any Contractual Obligations.

## **BANKING TERMS & GLOSSARY**

<b>Priority Sector Advances</b>	Consist Of Loans And Advances To Agriculture, Small Scale Industry, Small Road And Water Transport Operators, Retail Trade, Small Business With Limits On Investment In Equipments, Professional And Self Employed Persons, State Sponsored Organisations For Lending To Sc/St, Educational Loans, Housing Finance Up To Certain Limits, Self-Help Groups And Consumption Loans.
<b>Privacy</b>	In The Context Of A Payment System, The Fact That No Information Which Might Permit Determination Of Behaviour May Be Collected Without The Consent Of The Individual To Whom It Relates.
<b>Private Mortgage Insurance (Pmi)</b>	Insurance Offered By A Private Insurance Company That Protects The Bank Against Loss On A Defaulted Mortgage Up To The Limit Of The Policy (Usually 20 To 25 Percent Of The Loan Amount). Pmi Is Usually Limited To Loans With A High Loan-To-Value (Ltv) Ratio. The Borrower Pays The Premium.
<b>Privatization</b>	The Sale Of Government-Owned Equity In Nationalized Industry Or Other Commercial Enterprises To Private Investors.
<b>Promissory Note</b>	Promissory Note Is A Promise / Undertaking Given By One Person In Writing To Another Person, To Pay To That Person , A Certain Sum Of Money On Demand Or On A Future Day.
<b>Property Interest</b>	A Generic Term That Refers To The Exclusive Right Or Interest Of Possessing, Enjoying And Disposing Of A Specific Property.
<b>Proprietary (Trading)</b>	Trading In Securities Or Derivatives For The Account Of A Firm Itself, Rather Than On Behalf Of Clients.
<b>Proprietary Account</b>	An Account In Which A Participant Holds Only Those Securities It Is Holding On Its Own Behalf (As Opposed To Those Securities It Is Holding On Behalf Of Its Customers). See Also Omnibus Customer Account, Segregation.
<b>Proprietary Positions</b>	Positions Held By A Participant On Its Own Behalf (As Opposed To Positions Held For Clients).
<b>Prospectus</b>	A Detailed Report Published By The Initial Public Offering Company, Which Includes All Terms And Conditions, Application Procedures, Ipo Prices Etc, For The Ipo

## **BANKING TERMS & GLOSSARY**

<b>Protocol</b>	Procedures For The Interchange Of Electronic Messages Between Communicating Devices.
<b>Provider</b>	Operator Who Establishes The Hardware And Software Conditions For The Conduct Of Transactions With Electronic Money, Without Necessarily Being The Issuer Of The Electronic Money Units.
<b>Provisional Transfer</b>	A Conditional Transfer In Which One Or More Parties Retain The Right By Law Or Agreement To Rescind The Transfer.
<b>Provisioning</b>	Provisioning Is Made For The Likely Loss In The Profit And Loss Account While Finalizing Accounts Of Banks. All Banks Are Supposed To Make Assets Classification And Make Appropriate Provisions For Likely Losses In Their Balance Sheets.
<b>Public Key Cryptography</b>	See Asymmetric Cryptography.
<b>Public Sector Bank</b>	A Bank Fully Or Partly Owned By The Government.
<b>Public Disclosure</b>	Making Information Publicly Accessible, For Example By Posting On An Internet Website Or By Making Copies Publicly Available.
<b>Put Option</b>	The Right To Sell The Underlying Securities At A Specified Exercise Price On Or Before A Specified Expiration Date.
<b>Pvp</b>	See Payment Versus Payment.
<b>Qualified Opinion</b>	An Auditor'S Opinion Mentioned In His Report Which Holds Some Reservations Regarding The Process Of Audit Is Known As A Qualified Opinion.
<b>Queuing</b>	A Risk Management Arrangement Whereby Transfer Orders Are Held Pending By The Originator/Deliverer Or By The System Until Sufficient Cover Is Available In The Originator'S/Deliverer'S Clearing Account Or Under The Limits Set Against The Payer; In Some Cases, Cover May Include Unused Credit Lines Or Available Collateral. See Also Caps.
<b>Quick Ratio</b>	Quick Ratio Is Also Known As The Acid-Test Ratio. It Measures The Company'S Liabilities And Determines Its Position To Pay Off Its Obligations.

## **BANKING TERMS & GLOSSARY**

<b>Ram</b>	Random-Access Memory The Volatile Memory Area Of A Chip That Is Used For Calculations And Can Only Store Data When Electrical Current Is Being Supplied.
<b>Range Bonds</b>	Bonds Which Cease The Payments Because The Reference Rate Of The Bond Increases Or Decreases, As Compared To Predetermined Rate On A Given Index.
<b>Rate</b>	A Rate Is A Measure Which Forms The Basis Of Any Financial Transaction.
<b>Rate Covenant</b>	Rate Covenant In A Municipal Bond Determines The Rates To Be Charged To Buyers.
<b>Rate Of Return</b>	A Percentage Showing The Amount Of Investment Gain Or Loss Against The Initial Investment.
<b>Rate Risk</b>	Rate Risk Is The Rate Of Return Determined To Attract Capital On A Given Investment.
<b>Rate Sensitive</b>	Rate Sensitive Pertains To Deposit Account Or Security Investment. If Any Changes Are Made To The Related Interest Rate That Causes Variations In Its Demand And Supply.
<b>Real Estate</b>	A Piece Of Land Developed Or Undeveloped Which Comes For A Price.
<b>Real Estate Settlement Procedures Act (Respa)</b>	Federal Law That, Among Other Things, Requires Lenders To Provide "Good Faith" Estimates Of Settlement Costs And Make Other Disclosures Regarding The Mortgage Loan. Respa Also Limits The Amount Of Funds Held In Escrow For Real Estate Taxes And Insurance.
<b>Real Interest Rate</b>	The Net Interest Rate Over The Inflation Rate. The Growth Rate Of Purchasing Power Derived From An Investment.
<b>Real Property</b>	Real Property Refers To Anything That Is Built On Land.
<b>Real Time</b>	The Processing Of Instructions On An Individual Basis At The Time They Are Received Rather Than At Some Later Time.

## **BANKING TERMS & GLOSSARY**

<b>Real-Time Gross Settlement</b>	The Continuous (Real-Time) Settlement Of Funds Or Securities Transfers Individually On An Order By Order Basis (Without Netting).
<b>Real-Time Risk Management</b>	Process That Allows Risk Associated With Payments Between Payment System Participants To Be Managed Immediately And Continuously.
<b>Real-Time Transmission, Processing Or Settlement</b>	The Transmission, Processing Or Settlement Of A Funds Or Securities Transfer Instruction On An Individual Basis At The Time It Is Initiated.
<b>Rebate</b>	The Interest Rate That A Securities Lender Pays The Borrower On Cash Collateral. This Will Normally Be A Below Market Rate To Reflect The Lending Fee.
<b>Recall</b>	A Demand By A Securities Lender For The Return Of Securities From The Borrower Where They Are Lent On An Open Transaction.
<b>Receiver Finality</b>	Analytical Rather Than Operational Or Legal Term Used To Describe The Point At Which An Unconditional Obligation Arises On The Part Of The Receiving Participant In A Transfer System To Make Final Funds Available To Its Beneficiary Customer On The Value Date. See Also Final Settlement.
<b>Reconciliation</b>	The Process Of Analyzing Two Related Records And, If Differences Exist Between Them, Finding The Cause And Bringing The Two Records Into Agreement. Example Comparing An Up-To-Date Check Book With A Monthly Statement From The Financial Institution Holding The Account.
<b>Reconveyance</b>	In Banking Terms, Reconveyance Is Transfer Of Property To Its Real Owner, Once The Loan Or The Mortgage Is Paid Off.
<b>Record Date</b>	A Date Set By The Issuer, On Which An Individual Must Own The Shares, So As To Be Eligible To Receive The Dividend.
<b>Redemption Fee</b>	A Commission Or Fee Paid, When An Agent Or An Individual Sells An Investment, Such As Mutual Funds Or Annuity.
<b>Redemption Value</b>	The Value Of A Bond When Redeemed.



## **BANKING TERMS & GLOSSARY**

<b>Redlining</b>	The Alleged Practice Of Certain Lending Institutions Of Not Making Mortgage, Home Improvement, And Small Business Loans In Certain Neighborhoods-Usually Areas That Are Deteriorating Or Considered By The Lender To Be Poor Investments.
<b>Reference Rate</b>	The Basis Of Floating Rate Security Is Known As The Reference Rate.
<b>Refinance</b>	Refinance Means Clearing The Current Loan With The Proceeds Of A New One And Using The Same Property For Collateral.
<b>Refinancing</b>	A Way Of Obtaining A Better Interest Rate, Lower Monthly Payments, Or Borrow Cash On The Equity In A Property That Has Built Up On A Loan. A Second Loan Is Taken Out To Pay Off The First, Higher-Rate Loan.
<b>Refund</b>	An Amount Paid Back Because Of An Overpayment Or Because Of The Return Of An Item Previously Sold.
<b>Refunding</b>	The Act Of Paying Back The Amount Or Returning The Funds Is Known As Refunding.
<b>Registration</b>	The Listing Of Ownership Of Securities In The Records Of The Issuer Or Its Transfer Agent/Registrar.
<b>Regular Program Community</b>	A Community Wherein A Flood Insurance Rate Map Is In Effect And Full Limits Of Coverage Are Available Under The Flood Disaster Protection Act (Fdpa Or Act).
<b>Reinvestment Risk</b>	The Risk That Arises From The Fact That Dividends Or Any Yields May Not Be Eligible For Investment To Earn The Rate Of Interest Is Known As The Reinvestment Risk.
<b>Reinvestment Value</b>	The Rate At Which An Investor Assumes Interest Payments Made On A Bond Which Can Be Reinvested Over The Life Of That Security.
<b>Relative Strength Index (Rsi)</b>	A Stock'S Price That Changes Over A Period Of Time Relative To That Of A Market Index Such As The Standard & Poor'S 500, Usually Measured On A Scale From 1 To 100, 1 Being The Worst And 100 Being The Best.

## **BANKING TERMS & GLOSSARY**

<b>Relative Value</b>	The Liquidity, Risk And Return Of One Instrument In Relation To Another Financial Instrument Is The Relative Value.
<b>Release Of Lien</b>	To Free A Piece Of Real Estate From A Mortgage.
<b>Remote Access To A Csd</b>	The Facility For A Securities Settlement System (Sss) In One Country ("Home Country") To Become A Direct Participant In A Csd Established In Another Country ("Host Country") And, For That Purpose, To Have A Securities Account In Its Own Name With The Csd In The Host Country. See Also Securities Settlement System.
<b>Remote Access To An Ifts</b>	The Facility For A Credit Institution Established In One Country ("HomeCountry") To Become A Direct Participant In An Interbank FundsTransfer System (Ifts) Established In Another Country ("HostCountry") And, For That Purpose, To Have A Settlement Account In ItsOwn Name With The Central Bank In The Host Country, If Necessary,Without Having Established A Branch In The Host Country.
<b>Remote Payment</b>	Payment Carried Out Through The Sending Of Payment Orders Or Payment Instruments (Eg By Mail). Contrast With Face-To-Face Payment.
<b>Remote Participant</b>	A Participant In A Transfer System Which Has Neither Its Head Office Nor Any Of Its Branches Located In The Country Where The Transfer System Is Based.
<b>Renewal</b>	A Form Of Extending An Unpaid Loan In Which The Borrower'S Remaining Unpaid Loan Balance Is Carried Over (Renewed) Into A New Loan At The Beginning Of The Next Financing Period.
<b>Replacement Cost Risk</b>	The Risk That A Counterparty To An Outstanding Transaction For Completion At A Future Date Will Fail To Perform On The Settlement Date. This Failure May Leave The Solvent Party With An Unhedged Or Open Market Position Or Deny The Solvent Party Unrealised Gains On The Position. The Resulting Exposure Is The Cost Of Replacing, At Current Market Prices, The Original Transaction. Also Called Market Risk, Price Risk. See Also Credit Risk/Exposure.
<b>Repo</b>	See Repurchase Agreement.
<b>Repo Rate</b>	The Return Earned On A Repo Transaction Expressed As An Interest Rate On The Cash Side Of The Transaction.

## **BANKING TERMS & GLOSSARY**

<b>Repossession</b>	Taking Back Of Property By A Seller Or A Lender From The Buyer Or The Borrower Due To Default Of Payment.
<b>Repricing</b>	Repricing Means A Change In The Rate Of Interest.
<b>Repricing/ Revaluation</b>	The Act Of Marking To Market.
<b>Repudiation</b>	The Denial By One Of The Parties To A Transaction Of Participation In All Or Part Of That Transaction Or Of The Content Of The Communication.
<b>Repurchase Agreement</b>	An Arrangement In Which A Security Is Sold And Later Bought Back At An Agreed Price And Time.
<b>Rescheduling Of Payment</b>	Rearranging The Repayment Of A Debt Over A Longer Period Than Originally Agreed Upon Due To Financial Difficulties Of The Borrower.
<b>Reservable Deposits</b>	Bank Deposits Subject To Reserve Requirements.
<b>Reserve Account</b>	An Account Which Is Maintained By Depositing Undistributed Parts Of Profit For Future Needs Is Known As A Reserve Account.
<b>Reserve Requirements</b>	Cash Money Or Liquidity That Member Banks Need To Hold With The Federal Reserve System.
<b>Residual Interest</b>	Interest That Continues To Accrue On Your Credit Card Balance From The Statement Cycle Date Until The Bank Receives Your Payment. For Example, If Your Statement Cycle Date Was January 10 And The Bank Received Your Payment On January 20, There Were Ten Days For Which Interest Accrued. This Amount Will Be Posted On Your Next Statement.
<b>Residual Value</b>	The Anticipated Value That A Company Calculates, To Sell Its Asset At The End Of Its Full Life.
<b>Resistance Level</b>	A Price At Which Sellers Consistently Outnumber Buyers, Preventing Further Price Rises. Return Amount Of Investment Gain Or Loss.
<b>Respondent</b>	See Correspondent Banking.

## **BANKING TERMS & GLOSSARY**

<b>Restrictive Endorsement</b>	Where Endorser Desires That Instrument Is To Be Paid To Particular Person Only, He Restricts Further Negotiation Or Transfer By Such Words As "Pay To Ashok Only". Now Ashok Cannot Negotiate The Instrument Further.
<b>Retail Funds Transfer System</b>	A Funds Transfer System Which Handles A Large Volume Of Payments Of Relatively Low Value In Such Forms As Cheques, Credit Transfers, Direct Debits, Atm And Eftpos Transactions.
<b>Retail Payments</b>	This Term Describes All Payments Which Are Not Included In The Definition Of Large-Value Payments. Retail Payments Are Mainly Consumer Payments Of Relatively Low Value And Urgency.
<b>Retail Transactions</b>	See Retail Payments.
<b>Retailer Card</b>	A Card Issued By Non-Banking Institutions, To Be Used In Specified Stores. The Holder Of The Card Has Usually Been Granted A Line Of Credit.
<b>Return Item</b>	A Negotiable Instrument—Principally A Check—that Has Been Sent To One Bank For Collection And Payment And Is Returned Unpaid By The Sending Bank.
<b>Return On Capital</b>	A Measure Which Determines How A Company Will Optimize Its Funds. Returns The Yield Or Earning At The End Of A Given Period At A Given Rate Of Interest.
<b>Reuse Of Collateral (Rehypothecation)</b>	A Party'S Pledging Or Transferring To Another Party Of Collateral That Was Pledged Or Transferred To It. The Term Rehypothecation Is Generally Used To Refer To Pledging Collateral That Was Pledged.
<b>Reverse Mortgage</b>	A Reverse Mortgage Is A Special Home Loan Product That Allows A Homeowner Aged 62 Or Older The Ability To Access The Equity That Has Accumulated In Their Home. The Home Itself Will Be The Source Of Repayment. The Loan Is Underwritten Based On The Value Of The Collateral (Home) And The Life Expectancy Of The Borrower. The Loan Must Be Repaid When You Die, Sell Your Home, Or No Longer Live There As Your Principal Residence.

## **BANKING TERMS & GLOSSARY**

<b>Reverse Repo</b>	A Contract With A Counterparty To Buy And Subsequently Resell Securities At A Specified Date And Price, The Mirror Image Of A Repo.
<b>Reverse Engineering</b>	The Process Of Analysing Software Code In Order To Determine How The Software Works.
<b>Revocable Transfer</b>	A Transfer That A System Operator Or A System Participant Can Rescind.
<b>Revolving Credit</b>	A Credit Agreement (Typically A Credit Card) That Allows A Customer To Borrow Against A Preapproved Credit Line When Purchasing Goods And Services. The Borrower Is Only Billed For The Amount That Is Actually Borrowed Plus Any Interest Due. (Also Called A Charge Account Or Open-End Credit.)
<b>Revolving Line Of Credit</b>	Revolving Line Of Credit Is A Rule Followed By The Lender, Which Binds Him To Allow A Certain Credit To The Borrower.
<b>Right Of Appropriation</b>	As Per Section 59 Of The Indian Contract Act, 1972 While Making The Payment, A Debtor Has The Right To Direct His Creditor To Appropriate Such Amount Against Discharge Of Some Particular Debt. If The Debtor Does Not Do So, The Banker Can Appropriate The Payment To Any Debt Of His Customer.
<b>Right Of Offset</b>	Banks' Legal Right To Seize Funds That A Guarantor Or Debtor May Have On Deposit To Cover A Loan In Default. It Is Also Known As The Right Of Set-Off.
<b>Right Of Rescission</b>	Right To Cancel, Within Three Business Days, A Contract That Uses The Home Of A Person As Collateral, Except In The Case Of A First Mortgage Loan. There Is No Fee To The Borrower, Who Receives A Full Refund Of All Fees Paid. The Right Of Rescission Is Guaranteed By The Truth In Lending Act (TILA).
<b>Rights Issue</b>	An Offer By Way Of Rights To Current Holders Of Securities That Allows Them To Subscribe For Securities In Proportion To Their Existing Holdings.
<b>Risk</b>	The Probability Of Threat, Danger, Damage, Liability Or Loss Is Known As Risk.

## **BANKING TERMS & GLOSSARY**

<b>Risk Factor</b>	A Variable That Affects The Value Of Financial Instruments Or An Entire Portfolio. The Most Common Market Risk Factors Are Interest Rates, Foreign Exchange Rates, Equity Prices And Commodity Prices.
<b>Risk Management Test</b>	Test Carried Out On Payments Submitted To A Payment System In Order To Establish Whether Processing A Particular Payment Would Cause The System Or Its Participants Greater Risk Than Permitted Under The Rules Of The System.
<b>Risk-Averse, Risk-Neutral, Risk-Taking</b>	Risk-Averse Describes An Investor Who Requires Greater Return In Exchange For Greater Risk. Risk-Neutral Describes An Investor Who Does Not Require Greater Return In Exchange For Greater Risk. Risk-Taking Describes An Investor Who Will Accept A Lower Return In Exchange For Greater Risk.
<b>Rolling Settlement</b>	A Situation In Which Settlement Of Securities Transactions Takes Place Each Day, The Settlement Of An Individual Transaction Taking Place A Given Number Of Days After The Deal Has Been Struck. This Is In Contrast To A Situation In Which Settlement Takes Place Only On Certain Days - For Example, Once A Week Or Once A Month – And The Settlement Of An Individual Transaction Takes Place On The Next Settlement Day (Or Sometimes The Next But One Settlement Day) Following The Day On Which The Deal Is Struck.
<b>Rolling Settlement</b>	A Procedure In Which Settlement Takes Place A Given Number Of Business Days After The Date Of The Trade. This Is In Contrast To Account Period Procedures In Which The Settlement Of Trades Takes Place Only On A Certain Day, For Example A Certain Day Of The Week Or Month, For All Trades That Occurred Within The Account Period.
<b>Rom</b>	Read-Only Memory Typically The Area Of A Chip That Holds The Operating System And Possibly Parts Of The Application.
<b>Rsa</b>	Rivest, Shamir, Adleman A Commonly Used Asymmetric Cryptographic Algorithm.
<b>Rtgs</b>	See Real-Time Gross Settlement.



## **BANKING TERMS & GLOSSARY**

<b>Safe (Or Safety) Deposit Box</b>	A Type Of Safe Usually Located In Groups Inside A Bank Vault And Rented To Customers For Their Use In Storing Valuable Items.
<b>Safe Custody</b>	When Articles Of Value Like Jewellery, Boxes, Shares, Debentures, Government Bonds, Wills Or Other Documents Or Articles Are Given To A Bank For Safe Keeping In Its Safe Vault, It Is Called Safe Custody.. Bank Charges A Fee From Its Clients For Such Safe Custody.
<b>Safekeeping</b>	A Service Provided By Banks Where Securities And Valuables Are Protected In The Vaults Of The Bank For Customers.
<b>Sale Contract</b>	A Sale Contract Refers To A Written Agreement Between The Buyer And The Seller Of An Asset (Usually Real Estate), With Details Regarding The Terms And Conditions Of The Sale.
<b>Sale Leaseback</b>	A Sale Of Property, Wherein The Title Is Transferred To The Buyer, On Condition That The Property Will Be Leased To The Seller On A Long-Term Basis, After The Sale.
<b>Sam</b>	Security Application Module A Tamper-Resistant Computer Component Typically Integrated Into A Terminal.
<b>Same Day Funds</b>	Money Balances That The Recipient Has A Right To Transfer Or Withdraw From An Account On The Day Of Receipt.
<b>Satisfaction Of Mortgage</b>	A Document Issued By A Mortgagee (The Lender) When A Mortgage Is Paid In Full.
<b>Savings Bank Account</b>	All Banks In India Are Having The Facility Of Opening Savings Bank Account With A Nominal Balance. This Account Is Used For Personal Purposes And Not For Business Purpose And There Are Certain Restrictions On Withdrawals From This Type Of Account. Account Holder Gets Nominal Interest In This Account.
<b>Scattering</b>	The Process Of Mixing The Ic Chip Components So That They Cannot,Be Analysed Easily.
<b>Scheduling</b>	Technique To Manage Payment Queues By Determining The Order In Which Payments Are Accepted For Settlement. See Also Optimisation Routine, Queuing.

## **BANKING TERMS & GLOSSARY**

<b>Screen-Based Trading</b>	Trading Conducted Through A Network Of Electronic Terminals. See Also Open Outcry Trading.
<b>Second Mortgage</b>	Otherwise Known As 'Second Trust', A Second Mortgage Is A Mortgage Which Is Taken Out On Property, Which Has Been Pledged As Security To Ensure Payment (Collateral) Of An Original Or First Mortgage. A First Mortgage Has Priority In Settlement Of Claims, Before All Other Subsequent Mortgages. Unlike A First Mortgage, A Second Mortgage Has A Shorter Repayment Term, With Higher Interest Rates.
<b>Secret Key Cryptography</b>	See Symmetric Cryptography.
<b>Secured Loan</b>	A Loan Which Is Backed By A Pledging Of Real Or Personal Property (Collateral) By The Borrower To The Lender. Unlike Unsecured Loans, Which Is Backed By A Mere Promise By The Borrower That He Will Repay The Loan, In Case Of A Secured Loan, The Lender Can Initiate Legal Action Against The Borrower To Reclaim And Sell The Collateral (Pledged Property).
<b>Secured Party</b>	A Party That Holds Collateral That Secures Its Claims On A Debtor.
<b>Securities Loan</b>	A Loan Of Securities, With Or Without Collateral, To Facilitate Timely Fulfilment Of Settlement Obligations.
<b>Securities Borrowing And Lending Programme</b>	A Facility Whereby A Loan Of Securities Is Made To Facilitate Timely Fulfilment Of Settlement Obligations.
<b>Securities Depository</b>	See Central Securities Depository.
<b>Securities Settlement System</b>	The Full Set Of Institutional Arrangements For Confirmation, Clearance And Settlement Of Securities Trades And Safekeeping Of Securities.
<b>Securities Driven Securities Lending Transactions</b>	Transactions Whose Motivation Lies In Borrowing/Lending Specific Securities Via A Repo Or Securities Loan. See Also Cash-Driven Securities Lending Transactions.
<b>Security Interest</b>	A Form Of Interest In Property Which Provides That The Property May Be Sold On Default In Order To Satisfy The Obligation Covered By The Security Interest.

## **BANKING TERMS & GLOSSARY**

<b>Security Property Or Assets,</b>	Which Are Pledged To The Lender By The Borrower, As A Guarantee To The Repayment Of A Loan. Seller Broker A Person Who Finds A Buyer For The Seller Of A Property And Aids The Latter In Negotiation, In Lieu Of A Commission.
<b>Segregation</b>	A Method Of Protecting Client Assets And Positions By Holding Or Accounting For Them Separately From Those Of The Carrying Firm Or Broker.
<b>Seigniorage</b>	In A Historical Context, The Term Seigniorage Was Used To Refer To The Share, Fee Or Tax Which The Seignior, Or Sovereign, Took To Cover The Expenses Of Coinage And For Profit. With The Introduction Of Paper Money, Larger Profits Could Be Made Because Banknotes Cost Much Less To Produce Than Their Face Value. When Central Banks Came To Be Monopoly Suppliers Of Banknotes, Seigniorage Came To Be Reflected In The Profits Made By Them And Ultimately Their Major Or Only Shareholder, The Government. Seigniorage Can Be Estimated By Multiplying Notes And Coin Outstanding (Non-Interest Bearing Central Bank Liabilities) By The Long-Term Rate Of Interest On Government Securities (A Proxy For The Return On Central Bank Assets).
<b>Selfcollateralising</b>	An Arrangement Whereby Securities Being Transferred Can Be Used As Collateral To Secure Risks Involved In The Transfer Process.
<b>Sell-Buybacks (Or Buysellbacks)</b>	Transactions That Have The Same Economic Effect And Intent As A Repurchase Agreement And Which Consist Of Two Distinct Simultaneous Purchase And Sale Transactions For Different Value Dates - One For Immediate Settlement And The Other For Forward Settlement. Typically, Sell-Buybacks Do Not Allow For Marking To Market And Margin Calls.
<b>Seller Carryback</b>	A Form Of Financing, Wherein The Seller Of A Property Finances The Buyer, Who Finds It Difficult To Procure A Loan Or Falls Short Of The Amount Needed To Buy The Property. In Short, It Is A Part Of The Purchase Amount, Which The Seller Offers To Finance. This Term Is Also Known As Carryback Loan Or Seller'S Second.
<b>Seller'S Market</b>	A Market, Which Has More Buyers, As Compared To The Number Of Sellers. This Condition Leads To A Rise In The Prices, Which Is Favorable For Sellers.

## **BANKING TERMS & GLOSSARY**

<b>Sender Finality</b>	Analytical Rather Than Operational Or Legal Term Used To Describe The Point At Which A Unconditional Obligation Arises On The Part Of The Initiating Participant In A Funds Transfer System To Make Final Payment To The Receiving Participant On The Value Date. See Also Final Settlement.
<b>Senior Bond</b>	A Bond That Has Priority Over Other Bonds In Claiming Assets And Dividends.
<b>Sequence Number</b>	A Number Attributed Sequentially To A Message And Attached To It To Prevent The Duplication Or Loss Of Messages.
<b>Server</b>	A Computer That Provides Services Through A Network To Other Computers.
<b>Service Charge</b>	A Charge Assessed By A Depository Institution For Processing Transactions And Maintaining Accounts.
<b>Session Key</b>	A Cryptographic Key Which Is Used For A Limited Time, Such As A Single Communication Session Or Transaction, Then Discarded.
<b>Set Off</b>	A Method Of Cancelling Or Offsetting Reciprocal Obligations And Claims (Or The Discharge Of Reciprocal Obligations Up To The Amount Of The Smaller Obligations). Set Off Can Operate By Force Of Law Or Pursuant To A Contract.
<b>Settlement</b>	An Act That Discharges Obligations In Respect Of Funds Or Securities Transfers Between Two Or More Parties. See Also Final Settlement, Gross Settlement System, Net Settlement, Net Settlement System.
<b>Settlement Bank</b>	Either A Central Bank Or Private Bank Used To Effect Money Settlements.
<b>Settlement Date</b>	The Date On Which The Parties To A Securities Transaction Agree That Settlement Is To Take Place. The Intended Date Is Sometimes Referred To As The Contractual Settlement Date.
<b>Settlement Lag</b>	In An Exchange-For-Value Process, The Time Lag Between Entering Into A Trade/Bargain And Its Discharge By The Final Exchange Of A Financial Asset For Payment. See Also Payment Lag.

## **BANKING TERMS & GLOSSARY**

<b>Settlement Risk</b>	General Term Used To Designate The Risk That Settlement In A Transfer System Will Not Take Place As Expected. This Risk May Comprise Both Credit And Liquidity Risk.
<b>Settlement Agent</b>	An Institution That Manages The Settlement Process (Eg The Determination Of Settlement Positions, Monitoring Of The Exchange Of Payments, Etc) For Transfer Systems Or Other Arrangements That Require Settlement. See Also Cash Settlement Agent, Final Settlement, Multilateral Net Settlement System, Settlement, Settlement Institution.
<b>Settlement Asset</b>	An Asset Used For The Discharge Of Settlement Obligations As Specified By The Rules, Regulations Or Customary Practice For A Payment System.
<b>Settlement Finality</b>	See Final Settlement.
<b>Settlement Institution</b>	The Institution Across Whose Books Transfers Between Participants Take Place In Order To Achieve Settlement Within A Settlement System. See Also Bilateral Net Settlement System, Multilateral Settlement System, Settlement Agent, Settling Participant/Member.
<b>Settlement Interval</b>	The Amount Of Time That Elapses Between The Trade Date (T) And The Settlement Date (S). Typically Measured Relative To The Trade Date, Eg If Three Days Elapse, The Settlement Interval Is T+3.
<b>Settlement Obligation</b>	An Amount Due From A Financial Institution To Other Financial Institutions As A Result Of The Clearing Of Payments. See Also Net Credit (Or Debit) Position.
<b>Settlement System</b>	A System Used To Facilitate The Settlement Of Transfers Of Funds Or Financial Instruments.
<b>Settlement</b>	Conclusion Of A Securities Transaction When A Customer Pays A Broker/Dealer For Securities Purchased Or Delivered, Securities Sold, And Receive From The Broker The Proceeds Of A Sale.

## **BANKING TERMS & GLOSSARY**

<b>Settling Participant/Member</b>	In Some Countries, A Settling Participant In A Funds Or Securities Transfer System Delivers And Receives Funds Or Securities To/From Other Settling Participants Through One Or More Accounts At The Settlement Institution For The Purpose Of Settling Funds Or Securities Transfers For The System. Other Participants Require The Services Of A Settling Participant In Order To Settle Their Positions. Currently, In The Ec Direct Participants Are By Definition Also Settling Participants. See Also Direct Participant/Member, Tiering Arrangement.
<b>Share Bookentry System</b>	A Computerised System For The Issue And Registration Of Equity Securities In Book-Entry Form. See Also Book-Entry System, Debt Book-Entry System.
<b>Short Hedge</b>	A Transaction That Protects The Value Of An Asset Held By Taking A Short Position In A Futures Contract.
<b>Short Position</b>	Investors Sell Securities In The Hope That They Will Decrease In Value And Can Be Bought At A Later Date For Profit.
<b>Short Sale</b>	A Sale Of Securities Which The Seller Does Not Own And Thus Must Be Covered By The Time Of Delivery; A Technique Used (1) To Take Advantage Of An Anticipated Decline In The Price Or (2) To Protect A Profit In A Long Position. Also Called Short Position.
<b>Short Selling</b>	The Sale Of Borrowed Securities, Their Eventual Repurchase By The Short Seller At A Lower Price And Their Return To The Lender.
<b>Signature Card</b>	A Card Signed By Each Depositor And Customer Of A Bank Which May Be Used As A Means Of Identification. The Signature Card Represents A Contract Between The Bank And The Depositor.
<b>Single-Purpose Prepaid Card</b>	A Stored Value Card For Which The Card Issuer And Merchant (Card Acceptor) Are Identical, Thus Representing A Prepayment For Specific Goods And Services Delivered By The Issuer. See Also Prepaid Card.
<b>Smart Cards</b>	Unlike Debit And Credit Cards (With Magnetic Stripes), Smart Cards Possess A Computer Chip, Which Is Used For Data Storage, Processing And Identification.



## **BANKING TERMS & GLOSSARY**

<b>Software-Based Products</b>	Electronic Money Products Which Employ Specialised Software On A Personal Computer And Which Can Typically Be Used To Transfer Electronic Value Via Telecommunications Networks Such As The Internet.
<b>Sort Code</b>	A Sort Code Is A Specific Number, Which Is Assigned To A Particular Branch Of A Bank For Internal Purposes. Each Branch Is Assigned With A Sort Code, Which Makes It Easier To Designate That Particular Branch Of Bank, Than Writing Down The Whole Address.
<b>Special Flood Hazard Area (Sfha)</b>	An Area Defined On A Flood Insurance Rate Map With An Associated Risk Of Flooding.
<b>Special Collateral</b>	Securities That, For Any Reason, Are Highly Sought After In The Market By Borrowers. Repo Rates For These Specific Securities Tend To Be Higher Than The Prevailing Repo Rate For General Collateral. Also Known As "Special". See Also General Collateral.
<b>Speculation</b>	The Process Of Buying Investment Vehicles In Which The Future Value And Level Of Expected Earnings Are Highly Uncertain.
<b>Sss</b>	See Securities Settlement System.
<b>Stakeholder</b>	In A Payment System, Stakeholders Are Those Parties Whose Interests Are Affected By The Operation Of The System.
<b>Stale-Dated Check</b>	Presented To The Paying Bank 180 Days (6 Months) Or More After The Original Issue Date. Banks Are Not Required By The Uniform Commercial Code To Honor Stale-Dated Checks And Can Return Them To The Issuing Bank Unpaid. The Maker Of A Check Can Discourage Late Presentment By Writing The Words "Not Good After X Days" On The Back Of The Check.
<b>Stamp Duty</b>	A Tax In The Form Of The Cost Of Stamps Which Are Required To Be Affixed To Legal Documents Such As Certificates, Receipts And The Like.
<b>Standard Payment Calculation</b>	A Method Used To Calculate The Monthly Payment Required To Repay A Loan, Based On The Loan Balance, Term Of The Loan And The Current Interest Rate.

## **BANKING TERMS & GLOSSARY**

<b>Standing Order</b>	An Instruction From A Customer To His Bank To Make A Regular Payment Of A Fixed Amount To A Named Creditor.
<b>Starter Home</b>	A Term Used To Denote A Small House, Which Is Inexpensive, And Is Often Meant For First Time Home Buyers.
<b>State Bank</b>	A Bank That Is Organized Under The Laws Of A State And Chartered By That State To Conduct The Business Of Banking.
<b>State Banking Department</b>	The Organization In Each State That Supervises The Operations And Affairs Of State Banks.
<b>Statement</b>	A Summary Of All Transactions That Occurred Over The Preceding Month And Could Be Associated With A Deposit Account Or A Credit Card Account.
<b>Sterilisation</b>	The Use By A Central Bank Of Operations (Such As Open Market Sales) To Reduce Bank Reserves (Liquidity) Which It Has Created Through Some Other Financial Transactions Such As The Purchase Of Foreign Currency.
<b>Stock Splits</b>	Wholesale Changes In The Number Of Shares. For Example, A Two For One Split Doubles The Number Of Shares But Does Not Change The Share Capital.
<b>Stop Payment</b>	An Order Not To Pay A Check That Has Been Issued But Not Yet Cashed. If Requested Soon Enough, The Check Will Not Be Debited From The Payer'S Account. Most Banks Charge A Fee For This Service.
<b>Stored Value Card</b>	A Prepaid Card In Which The Record Of Funds Can Be Increased As Well As Decreased. Also Called An Electronic Purse.
<b>Straight Through Processing</b>	The Capture Of Trade Details Directly From Front-End Trading Systems And Complete Automated Processing Of Confirmations And Settlement Instructions Without The Need For Rekeying Or Reformatting Data.
<b>Stress Testing</b>	The Estimation Of Credit And Liquidity Exposures That Would Result From The Realisation Of Extreme Price And Implied Volatility Scenarios.
<b>Student Loan</b>	Loans Made, Insured, Or Guaranteed Under Any Program Authorized By The Higher Education Act. Loan Funds Are Used

## **BANKING TERMS & GLOSSARY**

	By The Borrower For Education Purposes.
<b>Subcustodian</b>	Where One Custodian (Eg A Global Custodian) Holds Its Securities Through Another Custodian (Eg A Local Custodian), The Latter Is Known As A Subcustodian.
<b>Subordinated Bond</b>	An Issue That Ranks After Secured Debt, Debenture, And Other Bonds, And After Some General Creditors In Its Claim On Assets And Earnings. Owners Of This Kind Of Bond Stand Last In Line Among Creditors, But Before Equity Holders, When An Issuer Fails Financially.
<b>Substantial Shareholder</b>	A Person Acquires An Interest In Relevant Share Capital Equal To, Or Exceeding, 10% Of The Share Capital.
<b>Substitute Check</b>	A Substitute Check Is A Paper Copy Of The Front And Back Of The Original Check. A Substitute Check Is Slightly Larger Than A Standard Personal Check So That It Can Contain A Picture Of Your Original Check. A Substitute Check Is Legally The Same As The Original Check If It Accurately Represents The Information On The Original Check And Includes The Following Statement "This Is A Legal Copy Of Your Check. You Can Use It The Same Way You Would Use The Original Check." The Substitute Check Must Also Have Been Handled By A Bank. Substitute Checks Were Created Under Check 21, The Check Clearing For The 21st Century Act, Which Became Effective On October 28, 2004.
<b>Substitution</b>	The Substitution Of One Party For Another In Respect Of An Obligation. In A Netting And Settlement Context, The Term Typically Refers To The Process Of Amending A Contract Between Two Parties So That A Third Party Is Interposed As Counterparty To Each Of The Two Parties And The Original Contract Between The Two Parties Is Satisfied And Discharged. See Also Novation.
<b>Supervision Of Financial Institutions</b>	The Assessment And Enforcement Of Compliance By Financial Institutions With Laws, Regulations Or Other Rules Intended To Ensure That They Operate In A Safe And Sound Manner And That They Hold Capital And Reserves Sufficient To Support The Risks That Arise In Their Business.
<b>Support Level</b>	A Price At Which Buyers Consistently Outnumber Sellers, Preventing Further Price Falls.

## **BANKING TERMS & GLOSSARY**

<b>Surcharge Fee</b>	Transaction Fee Set By An Atm Owner And Paid Directly By The Cardholder To The Atm Owner For The Cost Of Deploying And Maintaining The Atm.
<b>Survivors Pay</b>	Loss-Sharing Arrangements Which, In The Event Of A Participant'S Inability To Settle, Require Losses To Be Borne By The Surviving Participants According To Some Predetermined Formula.
<b>Swap</b>	An Agreement For An Exchange Of Payments Between TwoCounterparties At Some Point(S) In The Future And According To ASpecified Formula.
<b>Swift</b>	Society For Worldwide Interbank Financial Telecommunication A Cooperative Organisation Created And Owned By Banks That Operates A Network Which Facilitates The Exchange Of Payment And Other Financial Messages Between Financial Institutions (Including Broker-Dealers And Securities Companies) Throughout The World. A Swift Payment Message Is An Instruction To Transfer Funds; The Exchange Of Funds (Settlement) Subsequently Takes Place Over A Payment System Or Through Correspondent Banking Relationships.
<b>Switch Fee</b>	Transaction Fee Set By The Network Organisation And Paid By The Card Issuing Institution To The Organisation For The Cost Of Routing Transaction Information.
<b>Symmetric Cryptography</b>	A Set Of Cryptographic Techniques In Which Devices Share The Same Secret Key In Combination With Algorithms. For Encryption, The Same Key Is Used For Encrypting And Decrypting, And The Decrypting Algorithm Is The Reverse Function Of The Encrypting Algorithm.
<b>Syndicated Loan</b>	A Very Large Loan Extended By A Group Of Small Banks To A Single Borrower, Especially Corporate Borrowers. In Most Cases Of Syndicated Loans, There Will Be A Lead Bank, Which Provides A Part Of The Loan And Syndicates The Balance Amount To Other Banks.

## **BANKING TERMS & GLOSSARY**

<b>Systemic Risk</b>	The Risk That The Failure Of One Participant In A Transfer System, Or In Financial Markets Generally, To Meet Its Required Obligations Will Cause Other Participants Or Financial Institutions To Be Unable To Meet Their Obligations (Including Settlement Obligations In A Transfer System) When Due. Such A Failure May Cause Significant Liquidity Or Credit Problems And, As A Result, Might Threaten The Stability Of Financial Markets.
<b>Systemic Disruption</b>	Events Whose Impact Has The Potential To Threaten The Stability Of The Financial System, By Transmission From One Financial Institution To Another, Including Through The Payment System. See Also Systemic Risk.
<b>Systemically Important Payment System</b>	A Payment System Is Systemically Important Where, If The System Were Insufficiently Protected Against Risk, Disruption Within It Could Trigger Or Transmit Further Disruptions Amongst Participants Or Systemic Disruptions In The Financial Area More Widely.
<b>Takedown Period</b>	The Time (Period) When A Borrower Receives Finances From A Lender Under A Line Of Credit Or Loan Commitment.
<b>Takeout Commitments</b>	This Term Relates To A Written Promise By A Loaner To Make A Long-Term Financial Arrangement To Substitute Or Replace A Short-Run Loan.
<b>Tamper-Evident</b>	The Capacity Of Devices To Show Evidence Of Physical Attack.
<b>Tamper-Proof</b>	The Proven Capacity Of Devices To Resist All Attacks.
<b>Tamperresistant</b>	The Capacity Of Devices To Resist Physical Attack Up To A Certain Point.
<b>Target</b>	Trans-European Automated Real-Time Gross Settlement Express Transfer The Target System Is Defined As A Payment System Composed Of One Rtgs System In Each Of The Countries Which Participate In Stage Three Of Emu And The European Central Bank (Ecb) Payment Mechanism. Rtgs Systems Of Non-Participating Countries May Also Be Connected, Provided That They Are Able To Process The Euro Alongside Their National Currency. The Domestic Rtgs Systems And The Ecb Payment Mechanism Are Interconnected According To Common Procedures ("Interlinking") To Allow Cross-Border Transfers Throughout The European Union To Move From One System To Another System. See Also Interlinking.

## **BANKING TERMS & GLOSSARY**

<b>Tcp/Ip</b>	Transmission Control Protocol/Internet Protocol A Set Of Commonly Used Communications And Addressing Protocols; Tcp/Ip Is The De Facto Set Of Communications Standards Of The Internet.
<b>Technical Analysis</b>	A Method Of Evaluating Securities By Relying On The Assumption That Market Data, Such As Charts Of Price, Volume, And Open Interest, Can Help Predict Future (Usually Short-Term) Market Trends.Contrasted With Fundamental Analysis Which Involves The Study Of Financial Accounts And Other Information About The Company. (It Is An Attempt To Predict Movements In Security Prices From Their Trading Volume History.)
<b>Telematics</b>	The Combined Use Of Data Processing And Data Transmission Techniques.
<b>Teller</b>	Teller Is A Staff Member Of A Bank Who Accepts Deposits, Cashes Cheques And Performs Other Banking Services For The Public.
<b>Teller'S Cheque</b>	See Bank Draft.
<b>Term Insurance</b>	It Is The Insurance For A Certain Time Period Which Provides For No Defrayal To The Insured Individual, Excluding Losses During The Period, And That Becomes Null Upon Its Expiration.
<b>Term Note</b>	A Legal Notice Offered By A Particular Organization To Investors Through A Dealer.
<b>Term Structure Of Interest Rates</b>	This Phrase Relates To The Relationship Between Interest Rates On Bonds Of Different Due Dates, Generally Described In The Form Of A Chart, Often Known As A 'Yield Curve'.
<b>Term Transactions</b>	Transactions With A Fixed End Or Maturity Date.
<b>Terms</b>	The Period Of Time And The Interest Rate Arranged Between Creditor And Debtor To Repay A Loan.
<b>Tiering Arrangement</b>	An Arrangement Which May Exist In A Funds Or Securities Transfer System Whereby Participants In One Category Require The Services Of Participants In Another Category To Exchange And/Or Settle Their Transactions. See Also Direct Participant/Member, Indirect Participant/Member, Settling Participant/Member.



## **BANKING TERMS & GLOSSARY**

<b>Time Certificate Of Deposit</b>	A Time Deposit Evidenced By A Negotiable Or Nonnegotiable Instrument Specifying An Amount And Maturity.
<b>Time Deposit</b>	A Time Deposit (Also Known As A Term Deposit) Is A Money Deposit At A Bank That Cannot Be Withdrawn For A Certain "Term" Or Period Of Time. When The Term Is Over It Can Be Withdrawn, Or It Can Be Held For Another Term. The Longer The Term, The Better The Yield On The Money. Generally, There Are Significant Penalties For Early Withdrawal.
<b>Time Draft</b>	This Term Relates To A Draft That Is Collectible At A Particular Future Date.
<b>Time Horizon</b>	The Duration Of Time An Investment Is Intended For.
<b>Time Note</b>	A 'Time Note' Is A Financial Instrument, Like A 'Note Of Hand', Which Stipulates Dates Or A Date Of Defrayal.
<b>Time Stamp</b>	A Value Inserted In A Message To Indicate The Time At Which The Message Was Created.
<b>Time Value</b>	This Is The Sum Of Money That An Option'S Premium Surpasses Its Intrinsic Worth, And Is Also Known As 'Time Premium'.
<b>Times Interest Earned</b>	It Pertains To A Measure Of The Financial Trustworthiness Of An Organization, Which Is Equal To Earnings Divided By Interest.
<b>Title Insurance</b>	It Is The Insurance For The Purpose Of Protecting A Loaner Or Owner Against Loss, If There Is Any Kind Of Property Ownership Conflict.
<b>Title Insurance Commitment</b>	This Term Is Concerned With The Commitment Which Is Brought Out By A Title Insurance Firm, And Comprises The Stipulations Under Which A Title Insurance Policy Will Be Made Out.
<b>Title Opinion</b>	It Pertains To A Legal Instrument Confirming That A Property Title Is Clear And Can Be Offered For Sale In The Market.
<b>Title Search</b>	This Refers To The Procedure Of Analyzing All Applicable Records To Affirm That The Vendor Is The Legal Possessor Of The Property And That There Are No Liens Or Other Claims Undischarged.

## **BANKING TERMS & GLOSSARY**

<b>Title Transfer</b>	Conveyance Of The Ownership Interest In Property From One Counterparty To Another. Title Transfer Is Used As One Of The Methods For Collateralisation. The Title Transfer Method Employs An Outright Transfer Of The Ownership Interest In Property Serving As Collateral, Ie The Collateral Provider Transfers Title To Or Ownership Interest In The Assets Given As Collateral Against An Agreement That The Collateral Taker Will Return The Equivalent Assets In Accordance With The Terms Of Their Agreement.
<b>Total Return Analysis</b>	This Term Relates To The Analysis Of The Real Rate Of Return That Is Earned Over A Certain Evaluation Time Period.
<b>Total Return Swap</b>	It Is A Kind Of Switch Wherein An Entity Pays Another Entity According To The Fixed Rate In Return For Defrayals Based On The Return Of A Given Asset. Trade Credit It Is The Credit Which A Company Gives To Another Organization For The Purpose Of Buying Products Or Services.
<b>Total Risk-Based Capital</b>	The Finances That Are Provided For Startup Companies And Small Businesses With Prodigious Growth Abilities.
<b>Traceability</b>	In Electronic Money Systems, The Degree To Which Value Transfer Transactions Can Be Traced To The Originator(S) Or The Recipient(S) Of The Transfer.
<b>Trade Date</b>	The Date On Which A Trade/Bargain Is Executed.
<b>Trade Letter Of Credit</b>	This Refers To A Legal Document That A Customer Asks For From His Bank For The Purpose Of Assuring That The Defrayal For Products Would Be Transferred To The Vendor.
<b>Trade Matching</b>	The Process Of Matching Trade Details (Such As Number Of Contracts, Contract Month And Price) Submitted By The Trade Counterparties. The Clearing House Often Guarantees A Trade At The Time It Is Successfully Matched.
<b>Trade Name</b>	The Incorporated Legal Name Under Which An Organization Carries Out All Its Operations, Functions, And Dealings.

## **BANKING TERMS & GLOSSARY**

<b>Trade Netting</b>	A Legally Enforceable Consolidation And Offsetting Of Individual Trades Into Net Amounts Of Securities And Money Due Between Trading Partners Or Among Members Of A Clearing System. A Netting Of Trades Which Is Not Legally Enforceable Is A Position Netting.
<b>Trade Registration</b>	The Process By Which Matched Trades Are Formally Recorded On The Books Of The Clearing House. For Clearing Houses That Act As Central Counterparties, Registration May Also Be The Time At Which The Clearing House Substitutes Itself As Counterparty To The Clearing Members.
<b>Trade-For-Trade Settlement</b>	The Settlement Of Individual Transactions Between Counterparties. See Also Gross Settlement System.
<b>Trade-For-Trade Settlement System</b>	A System In Which Each Individual Transfer Order Is Settled Separately.
<b>Trading Rules</b>	Stipulation Of Parameters For Opening And Intra-Day Quotations, Permissible Spreads According To The Prices Of Securities Available For Trading And Board Lot Sizes For Each Security.
<b>Transaction Log</b>	A Sequential Record Of Transactions That Is Stored On A Device.
<b>Transfer</b>	Operationally, The Sending (Or Movement) Of Funds Or Securities Or Of A Right Relating To Funds Or Securities From One Party To Another Party By (I) Conveyance Of Physical Instruments/Money; (Ii) Accounting Entries On The Books Of A Financial Intermediary; Or (Iii) Accounting Entries Processed Through A Funds And/Or Securities Transfer System. The Act Of Transfer Affects The Legal Rights Of The Transferor, Transferee And Possibly Third Parties In Relation To The Money Balance, Security Or Other Financial Instrument Being Transferred.
<b>Transfer System</b>	A Generic Term Covering Interbank Funds Transfer Systems And Exchange-For-Value Systems.
<b>Transferability</b>	In Electronic Money Systems, The Degree To Which An Electronic Balance Can Be Transferred Between Devices Without Interaction With A Central Entity.

## **BANKING TERMS & GLOSSARY**

<b>Travel And Entertainment Card</b>	Card Issued By Non-Banks Indicating That The Holder Has Been Granted A Line Of Credit. It Enables Him To Make Purchases But Does Not Offer Extended Credit, The Full Amount Of The Debt Incurred Having To Be Settled At The End Of A Specified Period. The Holder Is Usually Charged An Annual Fee. Also Called Charge Card.
<b>Tri-Party Repo</b>	Repo In Which Bonds And Cash Are Delivered By The Trading Counterparty To An Independent Custodian Bank, Clearing House Or Securities Depository That Is Responsible For Ensuring The Maintenance Of Adequate Collateral Value During The Life Of The Transaction.
<b>Truncation</b>	A Procedure In Which The Physical Movement Of Paper Payment Instruments (Eg Paid Cheques Or Credit Transfers) Within A Bank, Between Banks Or Between A Bank And Its Customer Is Curtailed Or Eliminated, Being Replaced, In Whole Or In Part, By Electronic Records Of Their Content For Further Processing And Transmission.
<b>Trust Account</b>	A General Term That Covers All Types Of Accounts In A Trust Department, Such As Estates, Guardianships, And Agencies.
<b>Trust Administrator</b>	A Person Or Institution That Manages Trust Accounts.
<b>Trust Deed</b>	A Formal Document That Creates A Trust. It States The Purpose And Terms Of The Name Of The Trustees And Beneficiaries.
<b>Truth In Lending Act (Tila)</b>	The Truth In Lending Act Is A Federal Law That Requires Lenders To Provide Standardized Information So That Borrowers Can Compare Loan Terms. In General, Lenders Must Provide Information On• What Credit Will Cost The Borrowers,• When Charges Will Be Imposed, And• What The Borrower'S Rights Are As A Consumer.
<b>Ultimate Settlement</b>	Sometimes Used To Denote Final Settlement In Central Bank Money.
<b>Unadvised Line</b>	A Line Of Credit Which Is Sanctioned By The Bank But Not Revealed To The Borrower Till The Time Of Some Particular Occasion.
<b>Uncertificated</b>	This Is A Legal Word That Is Utilized As An Adjective To Depict Stocks, Bonds, Miscellaneous Investments And Deposit Certificates, Which Are Held In Electronic Computer Form .

## **BANKING TERMS & GLOSSARY**

<b>Uncollected Funds</b>	A Portion Of A Deposit Balance That Has Not Yet Been Collected By The Depository Bank.
<b>Uncovered</b>	It Is The Condition Of An Option Bearer Who Doesn'T Even Possess An Offsetting Position In The Underlying Instrument.
<b>Underlying Security</b>	The Security Subject To Being Purchased Or Sold Upon Exercise Of The Option Contract.
<b>Underwriter</b>	Any Investment Or Commercial Financial Firm Or A Securities House That Works With An Issuing Entity For The Purpose Of Selling A New Issue.
<b>Underwriting</b>	Is An Agreement By The Underwriter To Buy On A Fixed Date And At A Fixed Rate, The Unsubscribed Portion Of Shares Or Debentures Or Other Issues. Underwriter Gets Commission For This Agreement.
<b>Undivided Profits</b>	This Is A Banking Work For Retained Earnings.
<b>Unexpected Loss Or Unexpected Risk</b>	The Element Or Part Of Risk Or Loss Which Surpasses The Anticipated Amount.
<b>Uniform Commercial Code (Ucc)</b>	A Set Of Statutes Enacted By The Various States To Provide Consistency Among The States' Commercial Laws. It Includes Negotiable Instruments, Sales, Stock Transfers, Trust And Warehouse Receipts, And Bills Of Lading.
<b>Uniform Gift To Minors Account</b>	A UGMA Provides A Child Under The Age Of 18 (A Minor) With A Way To Own Investments. The Money Is In The Minor'S Name, But The Custodian (Usually The Parent) Has The Responsibility To Handle The Money In A Prudent Manner For The Minor'S Benefit. The Parent Cannot Withdraw The Money To Use For His Or Her Own Needs.
<b>Universal Banking</b>	When Banks And Financial Institutions Are Allowed To Undertake All Types Of Activities Related To Banking Like Acceptance Of Deposits, Granting Of Advances, Investment, Issue Of Credit Cards, Project Finance, Venture Capital Finance, Foreign Exchange Business, Insurance Etc. It Is Called Universal Banking.
<b>Universal Life Insurance</b>	A Type Of Life Insurance Which Blends Term Insurance Protection With A Savings Element.

## **BANKING TERMS & GLOSSARY**

<b>Unlimited Guaranty</b>	A Guarantee Understanding Which Doesn'T Consist Of Any Provisos Limiting The Amount Of Debt Guaranteed.
<b>Unqualified Opinion</b>	A Word Used To Depict A Suggestion Letter Concomitant With Scrutinized Financial Statements.
<b>Unwind</b>	A Procedure Followed In Certain Clearing And Settlement Systems In Which Transfers Of Securities And Funds Are Settled On A Net Basis, At The End Of The Processing Cycle, With All Transfers Provisional Until All Participants Have Discharged Their Settlement Obligations. If A Participant Fails To Settle, Some Or All Of The Provisional Transfers Involving That Participant Are Deleted From The System And The Settlement Obligations From The Remaining Transfers Are Then Recalculated. Such A Procedure Has The Effect Of Allocating Liquidity Pressures And Losses From The Failure To Settle To The Counterparties Of The Participant That Fails To Settle. Unwinds Can Be Distinguished From Debits To Securities Accounts That Do Not Imply The Original Transfer Is Rescinded (Eg In Cases Where Securities Are Discovered To Be Forged Or Stolen).
<b>Unwinding</b>	A Procedure Followed In Certain Clearing And Settlement Systems In Which Transfers Of Securities Or Funds Are Settled On A Net Basis, At The End Of The Processing Cycle, With All Transfers Provisional Until All Participants Have Discharged Their Settlement Obligations. If A Participant Fails To Settle, Some Or All Of The Provisional Transfers Involving That Participant Are Deleted From The System And The Settlement Obligations From The Remaining Transfers Are Then Recalculated. Such A Procedure Has The Effect Of Transferring Liquidity Pressures And Possibly Losses From The Failure To Settle To Other Participants, And May, In An Extreme Case, Result In Significant And Unpredictable Systemic Risks. Also Called Settlement Unwind.
<b>Upstream Guaranty</b>	A Word That Is Utilized To Give A Description Of A Guarantee Of A Loan To A Borrowing Entity, When The Borrowing Party Is An Owning Company Or Shareholder Of The Surety.
<b>User</b>	Payment System Users Comprise Both Participants And Their Customers For Payment Services. See Also Customer, Direct Participant, Direct Participant/Member, Indirect Participant/Member, Participant/Member.



## **BANKING TERMS & GLOSSARY**

<b>User Fee</b>	Transaction Fee Set By The Card Issuer And Paid By The Cardholder To The Issuing Institution For Card Payments Or Atm Cash Withdrawals; Other User Fees, Sometimes Called Foreign Fees, Are Paid By The Cardholder To The Issuing Institution For The Use Of  Atms Not Owned By The Issuing Institution.
<b>Usury Laws</b>	The State And Federal Jurisprudence Setting Up Uttermost Permissible Rates Of Interest That Can Be Charged On Certain Types Of Credit Extensions To Particular Kinds Of Borrowers.
<b>Usury Rates</b>	The Maximum Rate Of Interest Lenders May Charge Borrowers. The Usury Rate Is Generally Set By State Law.
<b>Usury</b>	Charging An Illegally High Interest Rate On A Loan.
<b>Valuation</b>	Process By Which An Investor Determines The Worth Of A Security Using Risk And Return Concept.
<b>Value At Risk (Var)</b>	The Sum Or Portion Of The Value That Is At Stake Of Subject To Loss From A Variation In Prevalent Interest Rates.
<b>Value Based Management (Vbm)</b>	It Is A Structured Approach To Evaluate The Performance Of The Company'S Unit Managers Or Goods And Services, In Terms Of The Aggregate Gains They Render To Stockholders.
<b>Value-At-Risk</b>	An Estimate Of The Upper Bound On Losses An Institution Would Expect To Incur During A Given Period (Eg One Day) For A Given Confidence Level (Eg 95%).
<b>Variable Life Insurance</b>	This Type Of Insurance Is Very Similar To Whole Life Insurance, Wherein The Cash Worth Is Invested In Equity Or Debt Sureties.
<b>Variable Rate Mortgage</b>	This Is Just Another Term Used For Adjustable Rate Mortgage (Arm).
<b>Variable Rate</b>	Any Interest Rate Or Dividend That Changes On A Periodic Basis.
<b>Variance</b>	This Is A Stats-Related Word Which Measures The Distribution Of Information, Like Rates Or Costs Around The Mean.

## **BANKING TERMS & GLOSSARY**

<b>Variance Swap</b>	This Relates To A Otc Fiscal Derivative Which Enables A Person To Speculate On Or Hedging Jeopardizes Connected With Unpredictability Of Some Underlying Product, Such As An Exchange Rate, Interest Rate Or Stock Index.
<b>Variation Margin</b>	Funds That Are Paid To (Or Received From) A Counterparty (Clearing House Or Clearing Member) To Settle Any Losses (Gains) That Are Implied By Marking Open Positions To Market.
<b>Vector Path</b>	A Series Of The Rate Of Paying Finances In Advance, In Succession That Is Chosen To Contemplate An Assumed Rate Of Interest Scenario.
<b>Velocity</b>	The Average Number Of Times A Measure Of Money (As Captured, For Instance, By A Monetary Aggregate) Turns Over Within A Specified Period Of Time. The Income Velocity Of Circulation Is Typically Calculated As The Ratio Of A Monetary Aggregate To Nominal Gdp.
<b>Vested Accumulated Benefit Obligation</b>	The Part Of The Conglomerated Benefit Obligation Under A Specified Benefit Plan To Which The Workers Possess A Legal Right, Even If Their Employment Is Terminated Before Retirement.
<b>Virtual Banking</b>	Virtual Banking Is Also Called Internet Banking, Through Which Financial And Banking Services Are Accessed Via Internet'S World Wide Web. It Is Called Virtual Banking Because An Internet Bank Has No Boundaries Of Brick And Mortar And It Exists Only On The Internet.
<b>Waiver</b>	In Banking Terms, A Waiver Is Relinquishing The Rights. Sometimes Also Considered To Be The Exemption Or Settlement Of A Part Of Debt.
<b>Warehouse Lines Of Credit</b>	Warehouse Line Of Credit Is A Facility Provided To The Borrower To Get A Warehouse Mortgage Portfolio For Future Security.
<b>Warehouse Receipt</b>	A Document Or A Statement Which States The Quantity And Quality Of The Items At The Warehouse For Safekeeping.
<b>Warrant</b>	An Option For A Longer Period Of Time Giving The Buyer The Right To Buy A Number Of Shares Of Common Stock In Company At A Specified Price For A Specified Period Of Time.

## **BANKING TERMS & GLOSSARY**

<b>Warranty Deed</b>	A Deed Which States That The Seller Holds The Clear Title Of The Goods Or Real Estate To Be Sold. This Gives Him Or Her The Right To Sell The Title To A Prospective Buyer.
<b>When-Issued (Wi)</b>	When Issued' Or Wi Is A Conditional Transaction Made Due To Its Authorized Security Or Debt Obligation.
<b>White List</b>	In A Card-Based System, A Database Containing The List Of All Authorised Card Numbers.
<b>Whole Life Insurance</b>	A Whole Life Insurance Is A Contract Between The Insurer And The Policy Owner, That The Insurer Will Pay The Sum Of Money On The Occurrence Of The Event Mentioned In The Policy To The Insured. It'S A Concept Wherein The Insurer Mitigates The Loss Caused To The Insured On The Basis Of Certain Principles.
<b>Wholesale Banking</b>	Wholesale Banking Is A Term Used For Banks Which Offer Services To Other Corporate Entities, Large Institutions And Other Financial Institutions.
<b>Wholesale Funds Transfer System</b>	See Large-Value Funds Transfer System. ©
<b>Window Dressing</b>	Financial Adjustments Made Solely For The Purpose Of Accounting Presentation, Normally At The Time Of Auditing Of Company Accounts.
<b>Wire Transfers</b>	Wire Transfers Is An Electronic Medium Used While Transferring Of Funds.
<b>With Recourse</b>	A Term Used To Signify That A Seller Or A Drawer Will Be Liable In Case Of Non-Performance Of Asset Or Non-Payment Of An Instrument.
<b>Withdrawals</b>	Removing Of Funds From A Bank Account Is Known As Making A Withdrawal.
<b>Withholding Tax</b>	A Tax On Income Deducted At Source, Which A Paying Agent Is Legally Obligated To Deduct From Its Payments Of Interest On Deposits, Securities Or Similar Financial Instruments.
<b>Without Recourse</b>	A Term Which Signifies That The Buyer Is Responsible For Non-Performance Of An Asset Or Non-Payment Of An Instrument, Instead Of The Seller.

## **BANKING TERMS & GLOSSARY**

<b>Working Capital</b>	In Banking Terms, Working Capital Is Defined As The Difference Between Current Assets And Current Liabilities.
<b>Wraparound Mortgage</b>	An Arrangement, Wherein Existing Mortgage Is Refinanced With More Money, With A Rate Of Interest Ranging Between The Old Rates And Current Market Rates.
<b>Writer</b>	A Writer Is An Entity Or A Financial Institution Which Promises To Sell A Certain Number Of Shares Or Stocks At A Price Before A Certain Date.
<b>Yield</b>	The Returns Earned On A Stock Or Bonds, As Per The Effective Rate Of Interest On The Effective Date, Is Known As A Yield In The Banking Terms.
<b>Yield (Internal Rate Of Return)</b>	The Compound Annual Rate Of Return Earned By An Investment
<b>Yield Curve</b>	Yield Curve Is A Graph Or A Curve That Shows The Relationship Between Maturity Dates And Yield.
<b>Yield Curve Risk</b>	Yield Curve Risk Is The Huge Risk Involved In A Fixed Income Instrument, Due To Major Fluctuations In The Market Rates Of Interest.
<b>Yield To Call (Ytc)</b>	The Yield On A Bond Calculated On The Supposition That The Issuer Will Redeem The Amount At The First Call As Stated On The Bond'S Prospectus Is Known As Yield To Call.
<b>Yield To Maturity</b>	The Rate Of Return Yield By A Bond Held To Maturity When Both Compound Interest Payments And The Investor'S Capital Gain Or Loss On The Security Are Taken Into Account.
<b>Yield-To-Maturity (Ytm)</b>	The Average Annual Yield That An Investor Receives Because He Holds It For Life Or Till The Maturity Date Is Known As The Yield To Maturity.
<b>Z Score</b>	Z Score Is A Measure, Used In The Banking Field, To Determine The Difference Between A Single Data Point And A Normal Data Point.
<b>Zero Balance Account</b>	A Bank Account Which Does Not Require Any Minimum Balance Is Termed As A Zero Balance Account.

## **BANKING TERMS & GLOSSARY**

<b>Zero Cost Collar</b>	A Type Of Arrangement, Wherein, The Borrower Buys A Cap From The Bank And Sells The Floor. In This Arrangement, The Cost Of The Cap Is Recovered By Sale Proceeds Of The Floor Or Vice Versa.
<b>Zero Coupon Bond</b>	A Bond With No Coupon That Is Sold At A Deep Discount From Par Value.
<b>Zero Coupon Yield Curve</b>	Zero Coupon Yield Curve Is Also Known As Spot Yield Curve, And Is Used To Determine Discount Factors.
<b>Zero Hour Rule</b>	A Provision In The Insolvency Law Of Some Countries Whereby The Transactions Of A Closed Institution That Have Taken Place After Midnight On The Date The Institution Is Ordered Closed May Be Retroactively Rendered Ineffective.
<b>Zero-Down-Payment Mortgage</b>	Zero-Down-Payment Mortgage Is A Type Of Mortgage Given To A Buyer Who Does Not Make Any Down Payments While Borrowing. The Mortgage Buyer Borrows The Amount At The Entire Purchase Price.
<b>Zero-Lot</b>	Line Structure Of A Housing Area Such That Every House Has A Designated Plot. They May Or May Not Have Same Walls.
<b>Zoning</b>	A Government Controlled Area Where Only Certain Uses Of The Land Are Permitted Is Called Zoning. Zoning Variance An Exception Made In The Zoning Rule By The Local Government Is Zoning Variance.