

Finance Terms Made Simple



Arrears

Money that is overdue because you have missed a repayment.

APR (Annual Percentage Rate)

The total yearly cost of a loan, including interest and any fees. It helps you compare different loans.

Bank Draft

A secure way to pay a large amount, issued by a bank or credit union (often used for things like deposits).

Budgeting

Planning how you spend your money to make sure you can cover all your expenses.

Buy Now, Pay Later (BNPL)

Buy something now and pay for it later in instalments, often interest-free if you pay on time.

Central Credit Register (CCR)

A national record of loans and repayments that lenders check when you apply for a loan. Your loan history stays on the CCR for 5 years after the loan is paid off.

Cheque

A written instruction telling your bank to pay someone a specific amount of money.

Cost of Loan

The extra money you pay on top of what you borrowed (mainly interest and fees).

Credit Agreement

A legal contract between you and a financial provider outlining the terms of a loan or credit.

Credit Card

A card that lets you borrow money to make purchases. You need to pay it back later, and you will be charged interest if it's not repaid by the due date.

Credit History

A record of how you've borrowed and repaid money in the past.

Credit Transfer

Sending money directly from your account to another account (like a bank transfer).

Current Account

A bank account you use for everyday spending, like paying bills, receiving wages, and using your debit card.

Debit Card

A card linked to your current account that lets you spend your own money. The money comes directly out of your account when you pay.

Debt Consolidation

Combining multiple debts into one single loan, so you only have one repayment to manage.

Default

When you fail to repay a loan as agreed. This can seriously affect your credit history and CCR.

Deposit

An upfront payment (e.g. for rent or accommodation) that is often refundable.

Direct Debit

An automatic payment taken from your account regularly to pay subscriptions, or bills.

Disposable Income

The money you have left after paying essential expenses like rent, bills, and food.

Dividend

A return you may earn on your savings (shares), depending on how the credit union performs.

Early Repayment

Paying off your loan sooner than planned. This can sometimes save you money on interest.

EFT (Electronic Funds Transfer)

Moving money electronically from one account to another.

Finance Terms Made Simple



Guarantor

A person (often a parent or guardian) who agrees to repay your loan if you are unable to.

Gross Pay

Your total earnings before tax and deductions are taken off.

Hire Purchase (HP)

A way to buy something (like a car) by paying in instalments. You only own it once all payments are made.

Instalments

Another word for repayments, small amounts you pay back regularly.

Interest Rate

The cost of borrowing money, shown as a percentage. The higher the rate, the more you pay back.

Loan

Money you borrow from your financial provider that you agree to pay back over time, usually with interest.

Loan Protection Insurance

Insurance (often included by credit unions) that may repay your loan in certain situations, such as illness or death (T&Cs apply).

Loan Term

The length of time you have to repay a loan (e.g. 3 years or 5 years).

Mortgage

A long-term loan used to buy a home, usually paid back over many years.

Net Pay

The money you actually receive after tax and deductions (your "take-home pay").

Outstanding Balance

The amount of money you still owe on a loan at any given time.

Overdraft

When you spend more money than you have in your account (must be approved by your financial provider), usually with fees or interest.

Principal

The original amount of money you borrow, before interest is added.

Repayments

The regular payments you make (weekly, fortnightly, or monthly) to pay back your loan.

Restructure / Reschedule

Changing your loan repayments (e.g. lower payments over a longer time) to make them more manageable.

Repayment

The money you pay back regularly towards a loan.

Savings / Shares

Money you keep in your credit union account. In credit unions, savings are often called "shares."

Security

Something valuable, like a car (HP) or savings (credit union) used as a guarantee for a loan. If you don't repay, it could be taken.

SEPA (Single Euro Payments Area)

A system that allows you to send euro payments easily within Europe.

Standing Order

A fixed payment you set up to send money regularly (e.g. paying rent to a landlord or for savings).

Term (Finance)

The length of time for a loan or agreement.

Total Amount Repayable

The full amount you will pay back, including the loan plus interest and any charges.