

# WORKSHOP 4

## Banking Terms

There are numerous and often very complicated terms used in banking. We will focus on just a few key terms that can be helpful when choosing a bank and setting up a bank account.

The definitions of these terms, and other financial terms you will come across, can be found in the **Glossary of Financial Terms** at the end of this Guide.

<b>APR (Annual Percentage Rate)</b>	<b>Finance Charge</b>
<b>Check Hold</b>	<b>Interest</b>
<b>Debit Card</b>	<b>Interest Rate</b>
<b>Delinquency</b>	<b>Overdraft</b>
<b>Federal Deposit Insurance Corporation (FDIC)</b>	
<b>Service Charge</b>	

## Financial Institutions

There are many different types of financial institutions that offer various cash management services. The two major types of financial institutions are banks (deposit-type financial institutions) and nonbanks (non-deposit-type financial institutions). In this Guide, we will focus on deposit-type financial institutions, although you may be interested in exploring non-deposit type financial institutions as an option for your banking.

**Deposit-type financial institutions** mainly fall under four classifications: 1) commercial banks, 2) savings and loan associations, 3) credit unions, and 4) Internet banks.

1. **Commercial banks** generally compete by offering the widest variety of services. However, they usually do not offer the highest interest rates on deposits or the lowest interest rates on loans.
2. **Savings and loan associations** have slightly different ownership arrangements than banks, but they are similar to commercial banks. Savings and loan associations may offer