

# GLOSSARY



**Accrued interest** – earned but still unpaid interest on a fixed income placement

**ATM** – automated teller machine

**Bonds** – long-term debt securities issued by either the Government or private sector companies

**BSP** – Bangko Sentral ng Pilipinas

**Budget** – an articulated plan for the use of your money with specific amounts and dates of accomplishment as targets

**Checking account** – a facility that allows a person to issue checks, which represent claims of payees against the issuer's bank account

**Check clearing** – the process by which checks are debited and credited among banks

**Compounding** – earning interest upon interest

**Coupon rate** – the nominal interest rate paid by a bond

**DAIF** – Drawn Against Insufficient Funds

**DAUD** – Drawn Against Uncleared Deposits

**Deposit Insurance** – Protection provided by the Philippine Deposit Insurance Corporation at a maximum coverage of Php500,000 per depositor per bank

**DST** – documentary stamp tax

**Face value** – the maturity value of a bond

**Financial planning**– the practice of putting control in the way you source and use cash

**Government securities** – debt securities issued by the Government

**IC** – Insurance Commission

**Inflation** – the amount of increase in the price of a good, service or property

**Insurance** – coverage against uncertainties that can be inflicted on person and property

**Interest rate** – the earnings on your fixed income placement expressed as an annual percentage of your original investment

**Investment** – delayed consumption with the end of earning more at a future time when the investment matures or is sold

**Market value** – the price at which people would be willing to purchase an asset for

**Maturity** – when an investment or insurance policy can be converted to cash

**Mutual fund** – a pooling of funds, where the fund is a separately incorporated entity managed by an investment management company

**NOW** – negotiable order of withdrawal

**PAD** – Public Assistance Department

**PDEx** – Philippine Dealing and Exchange Corporation

**PDIC** – Philippine Deposit Insurance Corporation

**PERA** – Personal Equity Retirement Act of 2008

**PSE** – Philippine Stock Exchange

**PSEi** – Philippine Stock Exchange Index

**Ponzi Scam** – an illegal financial scheme where earnings on an investment are paid only out of the investments of succeeding investors.

**Pyramiding** – an illegal selling scheme where the main source of income is derived from recruiting people

**Retail Treasury Bonds**– treasury bills or bonds with denominations of Php5,000 that are intended for small investors, the maturity for which depends on the type of security

**Savings** – the money you set aside for a rainy day

**SEC** – Securities and Exchange Commission

**Share of stock** – a certificate that represents ownership in a company; compared to creditors, stockholders have a subordinated claim to the company's income

**T-bills** – treasury bills; certificates of indebtedness with short-term repayment periods issued by the National Treasury and sold in an auction to Government Securities Eligible Dealers.

**T-bonds** – treasury bonds; certificates of indebtedness with repayment periods of 5 years or longer, issued by the National Treasury and sold in an auction to Government Securities Eligible Dealers.

**Time deposit** – a short-term placement with a bank that is insured with the PDIC.

**UITF** – unit investment trust fund