

GLOSSARY OF BANKING TERMS GENERALLY USED IN CDR

Accrued Interest	Interest earned but not yet received.
Acquisition	Purchase of controlling interest in a firm, generally through tender offer for the target shares.
Actuary	Insurance company official, responsible for estimating future claims and disbursement and for calculating necessary fund and premium levels.
ADS	Authorized Dealers
Advising Bank	A Bank usually located in the country of residence of an Exporter, used by an Importer's bank to authenticate a Letter of Credit before it is passed on to the Exporter.
AEZs	Agricultural Export Zones
Affidavit	A written statement, sworn to be true by the person signing it, before someone authorized by court of law.
Agent Bank	A participating bank in a syndicated loan that handles all the operations and deals with the borrower on behalf of the members of the syndicate.
AIDB	All India Development Bank
AIFI	All India Financial Institution
ALCO	Asset-Liability Management Committee
ALM	Asset/ liability management involves a set of techniques to create value and manage risks in a bank.
AMC	Asset Management Committee
American Depository Receipt (ADR)	A certificate registered in the holder's name or as a bearer security giving title to a specified number of shares in a non-US-based company deposited in a bank outside the USA. These certificates are traded on US stock exchanges.
American option	An option that can be exercised on or any time before the date of expiry.
Amortization	Process of full payment of debt in installments of principal and earned interest over a definite time.
Amount at risk	Balance of the sum payable not covered by reserves, potentially falling on the net worth (net assets) of the company.

Annuity	Fixed amount of cash to be received every year for a specified period of time.
APEDA	Agricultural and Processed Food Products Exports Development Authority.
Arbitrage	Simultaneous purchase and sale of identical or equivalent financial instruments or commodity futures so as to benefit from difference in their price relationship.
ARF	Automatic Refinance Facility
ASB	Accounting Standards Board
Asset/Liability Risk:	A risk that current obligations/ liabilities cannot be met with current assets. A fundamental risk in all organizations, which should manage the risk and maintain liquidity or become insolvent.
Assets	Things that one owns which have value in financial terms.
Assignment	Receipt of an exercise notice by an option writer (seller) that obligates him to sell (in the case of a call) or purchase (in the case of a put) the underlying security at the specified strike price.
Audit Risk	The risk of giving an incorrect audit opinion.
Automated Banking Machines (ABMs)	Terminals that allow bank customers to perform many everyday banking tasks, e.g., deposits, withdrawals, bill payments and transfers between accounts.
Automated Teller Machines (ATMs)	A computerized machine used for banking transactions, e.g. depositing or withdrawing money, making balance/ transaction inquiries and transfers; operated through magnetic plastic cards with the held of personal identification numbers (PINs).
Available Balance	The portion of a customer's account balance having no restrictions from the bank and available for immediate withdrawals.
Average life	Weighted average of the maturities of various loans or bonds after taking into account agreed amortization's.
Back-end value	Amount paid to the remaining shareholders in the second stage of a two-tier or partial tender offer.

Balance of Payment	Statement showing the country's trade and financial transactions (all economic transactions), in terms of net outstanding receivable or payable from other countries, with the rest of the world for a period of time.
Balance Sheet	Statement of assets and liabilities of a company at any particular time. The assets on a balance sheet will always equal the liabilities plus the owner's equity.
Balloon Payment	A large payment that may be charged at the end of a loan or lease.
Bank Credit	Includes Term Loans, Cash Credit, Overdrafts, Bills purchased & discounted, Bank Guarantees, Letters of Guarantee, Letters of credit.
Bank Debits	The sum of the value of all cheques and other instruments charged against the deposited funds of a bank's customer.
Bank Rate	Interest rate paid by major banks if they borrow from RBI, the Central Bank of the country. The Bank Rate influences the rates of interest major banks/ financial institutions charge and pay their customers.
Bank Statement	A periodic record of a customer's account that is issued at regular intervals, showing all transactions recorded for the period in question.
Banker's Acceptance	Negotiable time drafts, or bills of exchange, that have been accepted by a bank which, by accepting, assumes the obligation to pay the holder of the draft the face value of the instrument on the specified maturity date. Bankers' Acceptances are generally used to finance export, import, shipment, or storage of goods.
Bankruptcy	A condition in which a firm (or individual) is unable to meet its (his) obligations and, hence, its (his) assets are surrendered to a court for administration.
Basis Point	One-hundredth of one percentage point (i.e. 0.01%), normally used for indicating spreads or cost of finance.
Bid/Bond Guarantee	A guarantee issued by a bank on behalf of a seller to a buyer to support the sellers' bid or tender for a contract. If the sellers' bid is accepted, the buyer can claim compensation under the guarantee.
BIFR	Board for Industrial and Financial Reconstruction.

Bill Discounting	Receiving payment on a bill of exchange prior to the bill's maturity by surrendering the bill for the face value less applicable interest for the time remaining up to maturity.
Bill of Exchange	An order written by the seller of goods instructing the purchaser to pay the seller (or bearer of the bill) a specified amount on a specified future date.
Bill of Lading	A document which represents ownership of goods in transit.
Blue Chips	Shares in leading quoted companies that can be easily bought and sold without influencing their price (liquidity) and are regarded as low-risk investments.
Bond	A negotiable instrument evidencing debt, under which the issuer promises to pay the holder its face value plus interest as agreed.
Book Value	The cost price of an asset less accumulated depreciation.
Bought financing	Short-term financing arranged by a bank for offering continuing source of funds pending receipt of loan/bond issue proceeds.
BR Act	Banking Regulation Act.
Brand name capital	A firm's reputation; the result of non-salvageable investment which provides customers with an implicit guarantee of product quality for which they are willing to pay a premium.
Break-even point	Refers to the price at which a transaction produces neither a gain nor a loss.
Bridge Loan	Temporary finance provided to a project until long-term arrangements are made.
BSE	Bombay Stock Exchange
Bull	One who expects prices to rise.
Bull Market	A market in which prices keep rising.
Bullet redemption	Repayment of a debt in one lump sum at the end of the maturity period. A common practice in Euro markets in respect of bond issues.
Bundling	Provision of more than one product or service to a customer at an inclusive price e.g. 'free' life insurance with a loan.

Bust-up takeover	An acquisition followed by divestment of some or all of the operating units of the acquired firm which are presumably worth more in pieces than as a going concern.
Buy-back	A public company, which buys its own shares, by tender offer, in open market, or in a negotiated buy-back from a large block holder.
CIF	Cost, Insurance and Freight
Call Date	Date on which a bond may be redeemed before maturity at an option of the issuer.
Call Money	Loaned funds that are repayable upon the request of either party.
Call Option	An option that gives its holder the right to buy an asset at a fixed price during a certain period
Call Provision	A feature of a bond that entitles the issuer to retire the bond before maturity
Cap	A ceiling on the interest rate on a floating-rate note.
Capital	Funds invested in a firm by the owners for use in conducting the business.
Capital Adequacy Ratio (CAR)	A ratio of total capital divided by risk-weighted assets and risk-weighted off-balance sheet items. A bank is expected to meet a minimum capital ratio specifically prescribed by the Regulator.
Capital budget	The list of planned capital expenditures prepared usually annually
Capital Gain and Loss	The difference between the price that is originally paid for a security and cash proceeds at the time of maturity (face value of bond) or at the time of sale (selling price of a bond or stock). When the difference is positive, it is a gain, but when it is negative, it is a loss.
Capital investments	Money used to purchase permanent fixed assets for a business, such as machinery, land or buildings as opposed to day-to-day operating expenses.
Capital Market	Market in which financial instruments are bought and sold.
Capital Structure	The composition of a firm's long-term financing consisting of equity, preference shares, and long-term debt.
Cash cows	Business segments, having a high market share in low growth product

	markets, which generate more cash flow than needed for reinvestment.
Cash Credit (CC)	An arrangement whereby the bank gives a short-term loan against the self-liquidating security.
Cash Discount	A discount given to buyers for cash rather than credit purchase.
Cash flow forecast	An estimate of when and how much money will be received and paid out of a business. It usually records cash flow on a month-by-month basis.
Certificate of Deposit (CD)	A negotiable instrument issued by a bank evidencing time deposit
Cheque	A written order on a bank instrument for payment of a certain amount of money.
CIBIL	Credit Information Bureau of India Ltd.
CLB	Company Law Board
Clean-up merger	Also called Take-out merger. The consolidation of the acquired firm into the acquiring firm after the acquirer has obtained control.
CMS	Cash Management Services.
Collateral	Property (real, personal or otherwise) pledged as security for a loan. Also, any supplementary promise of payment, such as a guarantee.
Collusion	A secret agreement between two or more persons to defraud another person of his or her right in order to achieve an unlawful objective.
Commercial Credit Risk	The risk of loss from providing credit to corporate counter-parties. Extension of credit can take the form of direct loans and contingencies/ guarantees.
Commercial Paper (CP)	Issue of short-term notes, without any underwriting, representing a promise to repay the amount at a specified future date.
Commitment fee	A fee charged by a bank in respect of an unused balance of a line of credit or sanction of loan designed to offset the bank's cost of keeping the funds available.
Compound Interest	Interest payable (receivable) on interest.
Conglomerate	A combination of unrelated firms; any combination that is not vertical or horizontal

Consumer Price Index (CPI)	An index that measure movements in the average price of products and services.
Convertible Bond	A bond that is convertible into common stock.
Convertible Security	Bond or preferred stock which is convertible into equity shares generally at the option of the holder
Corporate Banking	Banking services for large firms.
Corporate Governance	A system by which organizations are directed and controlled. Board of directors are responsible for the governance of their organizations.
Corporate Tax	A tax on the profits of firms, as distinct from taxation of the incomes of their owners.
Coupon Rate	The stated interest rate on a bond.
Covenant	A definite provision in a loan contract.
CRAR	Capital to Risk-Weighted Assets Ratio.
CRAs	Credit Rating Agencies.
Credit Crunch	Refers to a situation where supply of credit falls even though there is sufficient demand for it.
Credit History	A record of how a person or company has borrowed and repaid debts.
Credit Risk	The risk of loss from failure of the counterparty to perform as agreed (contracted).
Credit Scoring System	A statistical system used to determine whether or not to grant credit by assigning numerical scores to various characteristics relating to creditworthiness.
Creditworthiness	A creditor's measure of a consumer's or company's past and future ability and willingness to repay debts.
CRISIL	Credit Rating and Investment Services of India Limited
Cross default	Two loan agreements connected by a clause that allows one lender to recall the loan if the borrower defaults with another, and vice versa.
Cumulative Dividends	A feature of preferred stock that requires all past dividends on preferred stock to be paid before any equity dividends are paid.
Currency basket	Arrangements whereby two or more currencies are clubbed together with

	defined weights, and whose exchange rate/ interest rate is determined by computing weighted average market rates.
Currency Market Risk	The risk of loss from having positions in any of the currency markets. The risk can be from outright positions. It can also reside in the balance sheet or in the income flows of a company.
Current assets	Short-term assets, constantly changing in value, such as stocks, debtors and bank balances.
Current liabilities	Short-term liabilities, due to be paid in less than one year, such as bank overdrafts, money owed to suppliers and employees.
Current Yield	The yield on a security resulting from dividing the interest payment or dividend on it by its current market price.
D/A (documents against acceptance)	Refer to shipping documents presented to a bank on a collection basis to be passed to the buyer when he or she accepts a bill of exchange. The bank holds the bill of exchange until it ends (maturity) when they ask the buyer to pay the seller.
D/P (documents against payment)	Refer to shipping documents presented to a bank on a collection basis to be passed to the buyer (drawee) when payment is made.
DCF	Discounted Cash Flow.
Debenture	An instrument for raising long-term debt. Debentures in India are typically secured by tangible assets.
Debt/equity ratio	A comparative ratio of debt and equity used to measure the gearing/ health of a business.
Default	Generally, failure to satisfy an obligation when due, or the occurrence of one of the defined events of default agreed to by the parties under a contract.
Default Risk	The risk that a borrower may not repay principal and/or interest as originally agreed.
Default Risk Premium	The component of a required interest rate that is based on the lenders' perceived risk of default.
Depreciation	An annual deduction of a part of the cost of an asset. In general, it means

	a decline in market value.
DFI	Development Financial Institution.
Direct Financing	Provision of funds for investment to the ultimate user of funds.
Direct taxes	Taxes which affect the consumer directly, such as income tax, corporate tax, capital gains tax etc.
Discount	The amount by which a bond or preferred stock sells below its par or face value. In foreign exchange market, it is the amount by which forward price is less than the spot price. In general, it means an extent of reduction in the price / value of the asset/ product which is given when it is sold.
Dividends	Company earnings that may be paid out to shareholders according to the number of shares or stocks they hold. Dividends can be earned on stocks as also units of mutual funds.
Documentary Credit	Written undertaking by a bank on behalf of an importer authorizing an exporter to draw drafts on the bank up to a specified amount under specific terms and conditions. They are used to facilitate international trade. Also called Letter of Credit (LC).
DRT	Debt Recovery Tribunal.
Due diligence	While finalizing documentation, the lead manager and the legal counsel conduct a thorough review of the borrowing entity with reference to the financials, legality, and all such matters relevant in a public offering of securities.
Earning Yield	The ratio of earning per share to market price of the share.
ECBs	External Commercial Borrowings.
ECGC	Export Credit Guarantee Corporation.
Effective rate of interest	The percentage rate of return on an annual basis, reflecting the effect of intra-year compounding.
Entrepreneur	A person who conceives, starts and manages a business.
EOUs	Export-Oriented Units.
Equitable mortgage	A type of mortgage under which one still owns the property which is

	security for the mortgage. The owner can occupy or live in the property.
Equity	The value of a business after all debts and other claims are settled. Also, the amount of cash a business owner invests in a business and/ or the difference between the price for which a property could be sold and the total debts registered against it.
Escrow Account	An account for which a bank acts as an uninterested third party (custodian / depository) to ensure compliance with the terms of the deal between two parties only upon the fulfillment of some stated conditions. The account becomes operative on the occurrence of the stated event. Banks hold such accounts in which funds accumulate to pay taxes, insurance on mortgage property, etc.
Exchange Rate	The rate at which one currency may be exchanged for another.
Exchange Rate Risk	The risk that changes in currency exchange rates may have an unfavourable impact on costs or revenues of economic units.
Excise duties	Duties levied on items manufactured within the country and paid by the manufacturer.
Exports	Products and services sold to other countries.
Face Value	The stated principal amount of a financial instrument.
Factoring	Sale of receivables to a financial institution usually on a 'non-recourse' basis.
Fixed assets	Assets such as land, buildings, machinery or property used in operating a business that will not be consumed or converted into cash during the current accounting period.
Fixed Rate	A predetermined rate of interest applied to the principal of a loan or credit agreement.
Foreign Exchange	Various instruments used to settle payments for transactions between individuals or organizations using different currencies (e.g. notes, cheques, etc.)
Foreign Exchange Rate	The value of a nation's currency in terms of another nation's currency.
Foreign Trade	The exchange of goods between two nations.

Forfaiting	A form of export finance in which the forfaiter accepts, at a discount from the exporter, a bill of exchange or promissory note (note) from the exporter's customer; the forfaiter in due course collects payment of the debt. Such notes are normally guaranteed by the customer's bank. Maturities are normally up to three years.
Forward Contract	A contract in which one party agrees to buy, and the other to sell, a specified product at a specified price on a specified date in the future.
Forward Cover	Forward purchase or sale of foreign currency to offset an anticipated future cash flow.
FRNs	Floating Rate Notes.
Funded debt	Generally, a short-term debt that has been converted into long-term debt funding.
Futures	Contracts to buy something in the future at a price agreed upon in advance. First developed in the agriculture commodity markets but often involve foreign exchange, and Government bonds.
Going-concern value	The value of the firm as a whole over and above the sum of the values of each of its parts; the value of an organization's learning and reputation.
Goodwill	The excess of the purchase price paid for a firm over the book value received. Recorded on the acquirers' balance sheet.
Gross Domestic Product (GDP)	The total of market value of the finished goods and services produced in a country in a given year. Comprising three sectors viz. Agriculture, Industry & Services.
Gross National Product (GNP)	The total market value of finished goods and services produced in the country in a given year, plus the income of domestic residents from investments made abroad, minus the income earned by foreigners abroad from the domestic market.
Gross Profit margin	The difference between the sales a business generates and the costs it pays out for goods.
Guaranty	The undertaking of responsibility by one party for another party's debt or obligation to perform some specific act or duty. Although the original

	debtor is responsible for the debt, the guarantor becomes liable in the event of a default.
Haircut	The difference between the market value of a security and its value when used as collateral. The haircut is intended to protect a collateral taker from losses due to declines in collateral values.
Hedge	One investment purchased against another investment in order to counter any loss made by either.
Holding company	A company which controls another company, usually by owning more than half of its shares.
ICD	Inter-Corporate Deposit.
Imports	Goods and services that a country buys from other countries.
Indemnity	If someone promises to compensate someone else for loss or damage, it is called an indemnity.
Indirect financing	The process by which deficit spending units obtain funds from financial intermediaries who, in turn, them from ultimate surplus spending units.
Indirect taxes	Taxes, which are charged on goods produced, imported or exported: Excise and Customs duties.
Industry life cycle	A conceptual model of the different stages of an industry's development. <ol style="list-style-type: none"> 1. Development stage: New product, high investment needs, losses; 2. Growth stage: Consumer acceptance, expanding sales, high profitability, ease of entry; 3. Maturity stage: Sales growth slows, excess capacity, prices and profits decline – key period for merger strategy; 4. Decline stage: Substitute products emerge, sales growth declines, pressure for mergers to survive.
Inflation	A percentage rate of change in the price level.
Inflation Premium	A premium for anticipated inflation that investors require in addition to the pure rate of interest.
Initial Public Offering (IPO)	The first offering to the public of common stock, e.g. of a former privately held firm, or a portion of the common stock of a hitherto wholly-owned

	subsidiary.
Insolvent	The condition when one is unable to pay one's debt obligations when due.
Insufficient Funds	When an account balance is inadequate to cover a cheque that has been written and presented for payment.
Insurance	A contract whereby one party agrees to pay a sum to another party for a fee (premium) in the event that the latter suffers a particular loss. The person or firm that undertakes the risk is the insurer. The party desiring to be protected from loss is the insured party.
Intangible assets	Assets that cannot be touched. Examples are goodwill and patent rights.
Internal Rate of Return (IRR)	The rate of discount at which the net present value of an investment is zero.
Lease	A contractual arrangement whereby one party (the lessor) grants the other party (the lessee) the right to use an asset in return for periodic rental payments.
Lessee	One who takes property on lease.
Lessor	A person, Corporation, or other legal entity that leases property to a lessee.
Letter of Credit (LC)	A formal document issued by a bank on behalf of a customer, stating the conditions under which the bank will honour the commitments of the customer.
Lien	A lender's claim on assets offered as security for a loan.
Line of Credit	A pre-approved credit facility (usually for one year) enabling a bank customer to borrow up to the specified maximum amount at any time during the relevant period of time.
Liquidation	Divestment of all the assets of a firm so that the firm ceases to exist.
Liquidity	The extent to which or the ease with which an asset may quickly be converted into cash with the least administrative and other costs.
Loan Document	A business contract by which a borrower and lender enter into an agreement. Loans are classified according to the lender or borrower involved, whether or not collateral is required, the time of maturity,

	conditions of repayment, and other variables.
Loan Risk	This is the risk of loss from loaning money and having the borrower fail to repay, either due to genuine reasons or willfully.
Long-term Liabilities	Money that one owes over a period longer than 12 months, such as mortgages, bank loans and other obligations.
Margin	A part of the value of security, which is not given as a loan by the bank or financial institution.
Market Capitalization	The total value, at market prices, of the securities at issue for a company or a stock market or sector of the stock market. Calculated by multiplying the number of shares issued by the market price per shares.
NBFC	Non-Banking Finance Companies.
NCD	Non-Convertible Debenture.
Net Present Value	Capital budgeting criterion, which compares the present value of cash inflows of a project discounted at the risk-adjusted cost of capital to the present value of investment outlays discounted at the risk-adjusted cost of capital.
Net Worth	Book value of a company's common stock, surplus, and retained earnings.
Non Performing Assets (NPA)	When due payments in credit facilities remain overdue above a specified period, then such credit facilities are classified as NPA.
Non-Recourse Discounting	Purchase from the seller of accepted term Bills of Exchange at a discount to allow for funding of the advance from the discount date until the maturity date of the bills. When the discount is provided on a non-recourse basis the financing bank has no recourse to the seller in the event of non-payment by the buyer or the buyers' bank.
NSE	National Stock exchange of India Limited.
Obligation	The responsibility to perform some act or pay a sum of money when due.
OD	Overdraft
Off-Balance Sheet	Includes all banking transactions that do not appear on the balance sheet of a bank as an asset or as a debt. Includes all commitments for which a cash flow arises conditional on a specific event. For instance, a loan

	guarantee will create an obligation only if there is a default. Derivatives are a form of off-balance sheet transactions.
On-Line	A computer system where input data are processed as received and output data are transmitted as soon as they become available to the point where they are required.
Open-End Credit	Commonly referred to as a Line of Credit. May be used repeatedly up to a certain limit; also called a Charge Account or Revolving Credit.
Open-End Lease	Often, referred to as a finance lease. A lease that may involve a balloon payment based on the value of the property when it is returned.
Operating Cycle	The length of time taken by a firm to produce its final product, sell it to customers, and collect proceeds of the sale in cash.
Operating Lease	Short-term, cancelable lease.
Operating synergy	Combining two or more entities results in gains in revenues or cost reductions because of complementarities or economies of scale or scope.
Operational Risk	Includes all risks not included in market risks and credit risks, such as losses arising from fraud, failure in computer systems and data entry errors.
Opportunity Cost	The rate of return that can be earned on the best alternative investment. In general, the gain or return on the next best investment opportunity or the next best use of resources, which is forgone by putting the resources to a given use.
Option	A formal contract which grants the holder of the option the right to buy or sell a certain quantity of an underlying interest or asset at a stipulated price within a specific period of time.
Option Contract	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.
Overdraft System	The system in which the borrower is allowed to overdraw on his current account with the banker upto a certain specified limit during a given period.

Par Value	The value of a security when it is issued. For bonds and preferred stock, par value is equivalent to face value.
Partial Shipment	A load sent in more than one consignment. In a Letter of Credit, the buyer can say whether this is allowed or not allowed.
Partnerships	Shared ownership among two or more individuals, some of whom may, but do not necessarily, have limited liability with respect to obligations of the group. There is a written agreement among partners detailing the terms and conditions of participation in a business ownership arrangement.
Pass Through Certificates	Debt instruments backed by a portfolio of assets.
Payback period	Length of time required for an asset to generate cash flows just enough to cover the initial outlay.
Plain Vanilla Transactions	The most common and generally the simplest types of derivatives transaction. Transactions that have unusual or less common features are often called exotic or structured.
Pledge	If someone pledges goods, they let a second person take possession of the goods, but the person pledging the goods still owns them. It is often done as security for money owed or to make sure that something is done as promised.
Power of Attorney	A power of attorney is a document, which gives power to the person appointed by it to act for the person who signed the document.
Prepayment	Payment of the principal amount of a loan ahead of the scheduled date.
Present Value	The discounted value of a payment or stream of payments to be received in future, taking into consideration a specific interest or discount rate. Present Value represents a series of future cash flows expressed in today's value.
Prime Lending Rate (PLR)	The rate of interest charged on loans by banks to their most creditworthy customers.
Principal	Amount of debt that must be repaid. Also means a person who deals in

	securities on his own account and not as a broker.
Product Differentiation	Development of a variety of product configurations to appeal to a variety of consumer tastes.
Product Life Cycle	A conceptual model of the stages through which products or lines of businesses pass. Includes development, growth, maturity, and decline. Each stage presents its own threats and opportunities.
Product Mix	The composite of products offered for sale by an organization.
Productivity	The amount of physical output for each unit of productive unit.
Promissory Note	A signed undertaking from one party containing a promise to pay a stated sum to a specified person or a company at a specified future date.
PSB	Public Sector Bank
PSE	Public Sector Enterprise
PSU	Public Sector Undertaking
Purchasing Power Parity	The concept that homogeneous goods cannot have more than one price measured in any one currency. If the price increases domestically, the domestic currency will depreciate so that the price denominated in foreign currency remains the same.
Pure Conglomerate Merger	A combination of firms in non-related business activities that is neither a product-extension nor a geographic-extension merger.
Rating	Refers to the credit quality of a counterparty. External ratings are given by rating agencies (ranging from AAA very safe asset to C). Internal ratings are granted by the bank itself.
Ratio	Comparison of two figures used to evaluate business performances, such as debt/equity ratio return on investment, etc.
Reconciliation	Checking all bank account papers to make sure that the bank's records and customer's records are in sync.
Recourse	In the context of a sale of a loan by a bank to investors, they have the right to call the guarantee from the bank should the borrower be unable to meet its obligations
Redemption	Redemption means paying off all the money borrowed under an

	agreement.
Resolution	A formal document expressing the intention of a board of directors of a corporation.
Revolving Letter of Credit	A Letter of Credit in which the value of the Letter of Credit is automatically reinstated upon utilization. A Letter of Credit may revolve by value, time or both.
Rights Issue	Issue of securities offered to existing shareholders/ bond holders on a pre-emptive or priority basis.
Risk Assessment	A process used to identify and evaluate risks and their potential effect.
Sale	Transfer of ownership of some type of property from one person to another, for some consideration.
Salvage	The attempt to get repayment of some portion of a loan obligation which has already been written off the bank's books.
Scale Economies	The reduction in per-unit costs achievable by spreading fixed costs over a higher level of production.
SEBI	Securities and Exchange Board of India.
SEBs	State Electricity Boards.
Securitization	The process of transformation of a bank loan into tradable securities. It often involves the creation of a separate corporate entity, the Special Purpose Vehicle (SPV), which buys the loans financing itself with securities that are sold to investors.
Selective Credit Control (SCC)	Control of credit flow to borrowers dealing in some essential commodities to discourage hoarding and black-marketing.
Senior Debt	Debt which, in the event of bankruptcy, must be repaid before subordinated debt receives any payment.
Serial Bonds	Bonds that mature at specified intervals.
Series Bond	Bond which may be issued in several series under the same indenture.
Service Charge	A fee paid for using a service.
Service Provider	The organization which provides the outsourced service.
SEZ	Specific Economic Zone.

SFC	State Financial Corporation.
Short-term Loan	Loan to a business for less than one year, usually for operating needs.
SICA	Sick Industrial Companies (Special Provisions) Act.
Sinking Fund	A fund to which a firm makes a periodic contribution to facilitate retirement of debt.
Special Purpose Vehicle	A legal corporate entity created to buy loans from banks. It finances itself with securities issued to investors.
Stakeholder	Any individual or group who has an interest in a firm; in addition to shareholders and bondholders, includes labour, consumers, suppliers, the local community, and so on.
Standby Letter of Credit	A guarantee issued by a bank, on behalf of a buyer that protects the seller against non-payment for goods shipped to the buyer. The buyer pays the seller directly for the goods and only if the buyer fails to pay does the seller claim under the Standby Letter of Credit.
Statement	All transactions in a bank account for a period of time. Statements are usually given once a month.
Statutory Audit	By law, certain companies need to have their accounts audited by suitably qualified accountants. This is called a statutory audit.
Stocks	Traded on a stock exchange, these are shares in a company. Essentially, one purchases shares in an exchange for owning a part of a company.
Swap	An agreement for an exchange of payments between two counterparties at some point(s) in the future and according to a specified formula.
SWOT	Acronym for Strengths, Weakness, Opportunities and Threats; an approach to formulating firm strategy via assessment of a firm's capabilities in relation to the business environment.
Syndicate	Group of banks and financial institutions, which together contribute the necessary financing for a transaction.
Syndicated Loans	Loans to a company backed by a group of banks in order to share the risk in a large transaction among several financial institutions. There is usually a lead bank and several participating banks.

Synergy	The “2 + 2 = 5” effect. The output of a combination of two entities is greater than the sum of their individual outputs.
Systematic Risk	The risk that the failure of one participant in a payment or settlement system, or in financial markets generally, to meet its required obligations when due will cause other participants or financial institutions to be unable to meet their obligations (including settlement obligations in a payment and settlement system) when due.
Take-out Merger	The second-step transaction which merges the acquired firm into the acquirer and thus takes out the remaining target shares which were not purchased in the initial (partial) tender offer.
Tangible Assets	Physical assets such as plant, machinery, factories, and offices.
Tax Avoidance	Lawful agreement or re-arrangement of the affairs of an individual or company intended to avoid liability to tax.
Tax Evasion	Fraudulent or illegal arrangements made with the intention of evading tax, e.g. by failure to make full disclosure to the revenue authorities.
Tax Haven	An international banking and financial centre providing privacy and tax benefits.
Tax Incentives	Tax benefits. Most tax incentive measures fall into one or more of the following categories: tax exemption (tax holiday); deduction from the taxable base; reduction in the rate of tax; tax deferment, etc.
Term Loan	A loan intended for medium-term or long-term financing to supply cash to purchase fixed assets such as machinery, land or buildings or to renovate business premises.
Tier 1 Capital	Refers to core capital consisting of Capital, Statutory Reserves, Revenue and other reserves, Capital Reserves (excluding Revaluation Reserves) and unallocated surplus/ profit but excluding accumulated losses, investments in subsidiaries and other intangible assets
Tier 2 Capital	Comprises Property Revaluation Reserves, Undisclosed Reserves, Hybrid Capital, Subordinated Term Debt and General Provisions. This is Supplementary Capital.

Title Deeds	Documents which prove who owns a property and under what terms.
Trade Creditors	Organisations, which are owed money for goods and services supplied.
Trade Debtors	Organisations, which owe money for goods and services supplied.
Trade Deficit	The amount by which merchandise imports exceed merchandise exports.
Transaction	Action in a bank account. Could be a deposit, withdrawal, debit card payment, service charge or interest payment.
Trust	An entity created for the purpose of protecting and conserving assets for the benefit of a third party, the beneficiary- A contract affecting three parties, the settlor, the trustee and the beneficiary.
Trust Deed (Settlement Deed, Declaration of Trust or Trust Instrument)	Document that lays down the foundations of how the trustees are to administer and manage the trust assets and how they are to distribute and dispose of trust assets during the lifetime of the trust.
Trustee	Trustees have a fiduciary duty to act in accordance with a trust deed and for the benefit of the beneficiary (ies).
UCPDC	'Uniform Customs and Practice for Documentary Credit' developed by the International Chamber of Commerce as the rules that govern the operation of Letter of Credit transactions worldwide. ICC publication No.500 contains details of the rules currently in use.
Undervaluation	When a firm's securities sell for less than their intrinsic, or potential, or long-run value for one or more reasons.
Underwriting	The arrangement in which investment bankers undertake to ensure the full success of the issue of securities.
Universal Bank	A bank or a financial institution that has the legal authority to offer all financial services and may, thus, be engaged in securities dealing, insurance, underwriting, and the full range of more traditional banking services.
Value Creation	The difference between the value of an investment and the amount of money invested by shareholders.
Variable Expenses	Costs of doing business that vary with the volume of business, such as

	advertising costs, manufacturing costs and bad debts.
Variable Rate	A variable rate loan or credit agreement, calls for an interest rate that may fluctuate over the life of the loan. The rate is often tied to an index that reflects changes in market rates of interest. A fluctuation in the rate causes changes in either the payments or the length of the term.
VCF	Venture Capital Fund.
Venture Capital	Commonly refers to funds that are invested by a third party in a business either as equity or as a form of secondary debt.
Vertical Merger	A combination of firms, which operate at different levels or stages of the same industry manufacturer mergers with a type company (backward integration).
VRS	Voluntary Retirement Scheme
Winding up	Winding up of a company is done by paying the company's creditors, and then distributing monies left (if any) among the members.
Yield	(1) A measure of the income generated by a bond. The amount of interest paid on a bond divided by the price. (2) The rate of discount which makes the present value of the stream of future returns plus the terminal value of the asset equal to the current market price of the asset.
Zero Coupon Bond	A bond issued at a discount (i.e. below par value), earning no interest but redeemable at its par value, thus providing a guaranteed capital gain.