FREE PRACTICE | NEXTGEN

Banking Vocabulary Guide

A bank or credit union can help people receive, store, and use money. Account rules, fees, age requirements, and adult involvement vary. A debit card generally spends money from its connected account; it is not a gift card and does not create free money.

Word	Plain-language meaning
Checking	An account often used for everyday transactions.
Savings	An account used to set money aside; it may pay interest.
Deposit / withdrawal	Money added to / taken out of an account.
Balance	Money recorded in an account at a stated time.
Fee / interest	A charge / money paid for use of money under the terms.

Worked example: fictional Oak Branch account

Starting balance $40 + a $25 deposit - a $12 debit purchase = $53. If a $3 account fee then posts, the balance becomes $50. A pending purchase may not yet appear in the posted balance.

Follow the transactions

1. Start at $50. Add $18, withdraw $10, then make a $7 debit purchase. What is the ending balance? Show each step.

2. Match each action to a term: adding a gift check; taking cash from an ATM; checking what a monthly service charge costs.

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Check, explain, and apply

Answers and checks

1. $50 + $18 = $68; $68 - $10 = $58; $58 - $7 = $51. Reading only the deposit could make someone think they have more available than they really do.

2. Adding a gift check is a deposit. Taking ATM cash is a withdrawal. A monthly service charge is a fee. An ATM may have its own separate fee under its terms.

Interest is not always a large amount

For a simple classroom example, a $100 balance earns 2% over one year with no changes: $100 x 0.02 = $2. This ignores compounding. Real savings accounts may use APY, changing balances, and specific payment schedules. Compare terms rather than assuming every account pays the same.

Use the vocabulary

1. A statement says $70, but an $8 purchase is pending. Explain why spending all $70 could cause a problem.

2. Ask an adult which account terms a new user should compare: fees, access, minimum balance, and any youth-account rules. Use fictional amounts if recording an example.

Learn more: consumerfinance.gov/ask-cfpb/what-is-an-overdraft-en-1035/ . Available funds and pending transactions matter; account terms control actual fees.

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