Chapter 3

account number	This number appears on all of checks, deposit slips, and bank statements.
annual compounding	A method for calculating interest so that it is paid once a year.
annual percentage rate (APR)	The interest rate paid per year or charged per year.
annual percentage yield (APY) -	An annual rate of interest that takes into account the effect of compounding; the simple interest rate that would be required to give the same dollar amount of interest that the compounding gives.
automated teller machine (ATM)	Provides 24-hour bank access to make deposits, transfers, and withdrawals.
balancing	The process of verifying the bank's records to make sure no errors have been made.
bank statement	A statement that includes all transactions that have occurred for a period of approximately one month.
biweekly	Every two weeks.
canceled	A check that has been processed so that the money is paid to the payee of a check.
certificate of deposit (CD)	A certificate that states there is a specific sum of money on deposit and guarantees the payment of a fixed interest rate after a certain period of time, usually seven days to ten years; deposits and withdrawals cannot be made with a CD.
check	A written order used to tell a bank to pay money (transfer funds) from an account to the check holder.
check clearing	The process that happens when a bank pays for a check out of a checking account; a check is cleared when the bank has transferred the funds from the checking account.
check register	A record of all transactions in a checking account, including checks written, deposits made, fees paid, ATM withdrawals, and so on.
checking account	An account at a bank that allows a customer to deposit money and make withdrawals from the funds on deposit using a paper

	check or electronic transfer.
compound interest	Interest that is earned on the money deposited into an account plus previous interest.
compound interest formula	Formula that can be used to calculate compound interest; $B = p(1 + r/n)nt$ where B is the ending balance, p is the principal or original balance, r is the interest rate, n is the number of times that interest is compounded annually, and t is the number of years.
continuous compound interest formula	A formula for calculating continuous compound interest; $B = pe$ rt, where B is the ending balance, p is the principal, e is the exponential base, r is the interest rate, and t is the number of years the principal earns interest.
continuous compounding	A method of calculating interest so that it is compounded an infinite number of times each year rather than being compounded every minute, or every microsecond.
credit	Deposits into a bank account.
crediting	Interest that is compounded daily but is paid either quarterly or semiannually.
daily compounding	A method for calculating interest so that it is paid daily.
debit	Withdrawals from a bank account.
deposit slip	A form to fill out when adding money to a bank account.
direct deposit	Payroll or other types of checks that are directly and electronically deposited into a bank account.
drawer	The account owner of a check; the person who writes the check.
electronic funds transfer (EFT)	The law that protects debit card users against unauthorized use of their cards; users are not responsible for purchases made with a lost or stolen card after the card is reported missing.
ending balance	The amount of money in a checking account at the end of a statement period.
endorse	The act of signing the back of a check when cashing it.
exponential base (e)	The exponential base e is an irrational number which is a non-terminating, non-repeating decimal with an approximate value of e ? 2.718281828...
finite	Something that has an end and can be represented by a real number.

future value of a periodic deposit investment	The balance an account will grow based on periodic investments; this can be calculated with the future value of a single deposit investment formula, where B is the balance at end of investment period, p is the periodic deposit amount, r is the annual interest rate, n is the number of times interest is compounded annually, and t is the time of investment in years.
future value of a single deposit investment	The balance an account grows to at some point in the future.
hold	The money in a bank account that is held until the issuing bank of a check pays for a check.
infinite	Something without end, that cannot be represented by a real number.
insufficient funds	When an account does not have enough money to cover a check that has been issued against it.
interest	A percentage of the money that is in an account that a bank pays on some accounts.
interest rate	The percentage rate that is paid by a bank on money that is in some accounts.
joint account	An account with more than one owner where all the owners have equal access.
limit	A concept in calculus which means an unreachable value.
maintenance fee	A fee some banks charge on some accounts to provide access to checking or savings accounts.
maturity	A specified date at which interest is paid on a CD.
minimum balance	A certain amount of money that must be kept in an account as required by that particular bank.
money market account	An account that pays a higher interest rate than other types of accounts, but usually requires a higher initial deposit and a higher minimum balance requirement often with a limit on the number of transactions per month.
outstanding checks	Checks that do not appear on the bank statement.
outstanding deposits	Deposits that do not appear on the bank statement.

overdraft protection	Protection pays a check even though there are not enough funds in the account; there is a fee for this service and the money must be repaid.
payee	The receiver of the transferred funds or the person to whom the check is written.
periodic investment	The same deposits made at regular intervals, such as yearly, monthly, bi-weekly, weekly, or even daily.
personal identification number (PIN)	A password that allows access to an ATM.
present value	The current value of a deposit that is made in the present time.
present value of a periodic deposit investment	A determination to find how much to save on a regular basis at a specific interest rate to meet a future goal; this can be calculated with the present value of a periodic deposit investment formula,where B is the balance at end of investment period, p is the periodic deposit amount, r is the annual interest rate, n is the number of times interest is compounded annually, and t is the time of investment in years.
present value of a single deposit investment	The value, which can be calculated, for how much a one-time deposit should be at a specific interest rate in order to have a certain amount of money saved for a future savings goal; this can be calculated using the present value of a single investment formula, where B is the balance at end of investment period, p is the periodic deposit amount, r is the annual interest rate, n is the number of times interest is compounded annually, and t is the time of investment in years.
principal	The balance, or amount of money, in an account, or amount borrowed.
quarterly compounding	A method for calculating interest so that it is paid four times a year, or every three months.
reconciling	Same as balancing; the process of verifying the bank's records to make sure no errors have been made.
savings account	An account in which the bank pays interest for the use of the money deposited in the account.
semiannual compounding	A method for calculating interest so that it is paid twice a year, or every six months.
simple interest	Interest that is calculated on the principal in an account, using the formula, $I = prt$.

simple interest formula	The formula I = prt, where p is principal, r is the interest rate, and t is the time in years.
single account	An account that has just one owner who is able to make account transactions.
starting balance	The amount of money in a checking account at the beginning of a statement period.
statement period	Dates on a bank statement that indicate the range of dates in which the transactions occurred.
statement savings	An account where a consumer receives a monthly statement showing all activity, including deposits, interest earned, and any fees.