

ACRONYMS and terms commonly used in Financial Services.

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| <p>Use these words only once to answer statements below.</p> <p>Liquidity</p> <p>Accrual Cost</p> <p>Market Risk</p> <p>Fixed Rate</p> <p>Liquidity Risk</p> | |
| <p>A method of accounting based on recording revenue and expenses when they are incurred, regardless of when cash is exchanged.</p> | |
| <p>An interest rate calculated as a constant percentage of the face value or notional principal and generally payable quarterly, semi-annually or annually. Treasury Bonds pay a fixed coupon rate semi-annually.</p> | |
| <p>The capacity for a debt instrument to be readily purchased or sold. A liquid market allows the ready buying or selling of large quantities of an instrument at relatively short notice and without significantly influencing its price.</p> | |
| <p>The risk that a financial instrument will not be able to be readily purchased or sold.</p> | |
| <p>The risk that the price (value) of a financial instrument or portfolio of financial instruments will vary as market conditions change. In the case of a debt issuer and investor such as the AOFM, the principal source of market risk is from changes in interest rates.</p> | |
| <p>Use these words only once to answer statements below.</p> <p>Term Deposit</p> <p>Nominal Debt</p> <p>Market Value</p> <p>Residential Mortgage-Backed Security (RMBS)</p> <p>Operational Risk</p> <p>Nominal Interest Rate</p> | |
| <p>The amount of money for which a security is traded in the market at a particular point in time.</p> | |
| <p>Debt that is not indexed to inflation. Treasury Notes and Treasury Bonds are examples of nominal debt.</p> | |

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| Interest rate that does not take account of the effects of inflation (in contrast to the 'real' interest rate). | |
| The risk of loss, whether direct or indirect, arising from inadequate or failed internal business processes or systems. | |
| A debt instrument issued by a special purpose vehicle to finance the securitisation of a pool of loans that is secured by residential mortgages. | |
| A deposit held at a financial institution that has a fixed (short) term. When a _____ is purchased, the lender (the customer) understands that the money can only be withdrawn after the term has ended, or after having given a predetermined number of days' notice. | |
| Note the Abbreviations commonly used below. AUSTRAC, AML/CTF, ADI,CPI,FOI,GST,LVR,FBAA,IT,MFAA,RBA,AFCA | |
| Authorised Deposit-taking Institutions | Banks |
| Anti-Money Laundering and Counter-Terrorism Financing | Financial Action Task Force |
| Australian Transaction Reports and Analysis Centre | An Australian government financial intelligence agency responsible for monitoring financial transactions to identify money laundering, organised crime, tax evasion, welfare fraud and terrorism financing. |
| Consumer Price Index | The consumer price index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. |
| Freedom of Information | Gives everyone the right to access documents held by the Australian Government and its agencies. |
| Goods and Services Tax | Tax on goods and services is defined as all taxes levied on the production, extraction, sale, transfer, leasing or delivery of goods, and the rendering of services, or on the use of goods or permission to use goods or to perform activities |

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| Information Technology | Xx is typically used within the context of business operations as opposed to personal or entertainment technologies. |
| Reserve Bank of Australia | The Reserve Bank of Australia is Australia's central bank and derives its functions and powers from the Reserve Bank Act 1959. It's duty is to contribute to the stability of the currency, full employment, and the economic prosperity and welfare of the Australian people. |
| Loan to Value Ratio | Loan to Value Ratio is ow lenders describe the amount you need to borrow to buy a particular property. In a nutshell: it's the amount you need to borrow, calculated as a percentage of the property's "lender assessed value" The lender assessed value is basically your lender's valuation of the property. |
| Australian Financial Complaints Authority | The Australian Financial Complaints Authority independently assists consumers and small businesses to make and resolve complaints about financial firms. When you complain to xxxx, they follow a complaint resolution process that provides free and fair outcomes. |
| Mortgage and Finance Association of Australia | Xxxx contributes to a healthy, competitive mortgage and finance industry through advocacy, education and business-building support. |
| Finance Brokers Association of Australia | Xxxx exists in the interest of its members and their clients. Their core functions are to: Monitor legislation and make representations to Ministers and Member of Parliament both state and federal levels as appropriate. |

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| <p>Use these words only once to answer statements below.</p> <p>Bankruptcy</p> <p>APRA</p> <p>Asset</p> <p>Beneficiaries</p> <p>ADI</p> <p>ASIC</p> | |
| <p>Something you own. It may be a financial item like money, bonds, shares or a bank account or physical item like a house, land or a car.</p> | |
| <p>The prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies, and most of the superannuation industry. APRA is responsible for ensuring Australia has a stable, efficient, and competitive financial system. It also provides statistics on the Australian financial sector.</p> | |
| <p>The Australian Federal Government agency that enforces laws relating to companies, securities, financial services and credit, in order to protect consumers, investors and creditors.</p> | |
| <p>Corporation authorised under the Banking Act 1959. Includes banks, building societies and credit unions.</p> | |
| <p>A process for individuals to be legally declared as being unable to meet their debt obligations.</p> | |
| <p>Someone who will receive a benefit or in the event of the owner's death. _____s of a fund are the members, and their dependants (if the member dies).</p> | |

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| <p>Use these words only once to answer statements below.</p> <p>Clear-out</p> <p>Bridging finance</p> <p>Broker</p> <p>Cash Rate</p> <p>Capital Gain</p> <p>Brokerage Fee</p> <p>Caveat</p> | |
| <p>Short-term finance that covers the period between buying a new property and selling your existing property.</p> | |
| <p>A person who arranges a contract between you and, for example, an insurance or mortgage service provider. _____ usually receive a commission or fee for arranging a contract.</p> | |
| <p>A fee charged by a for service by a broker</p> | |
| <p>The difference between what you paid for an asset (including buying costs) and what you got when you sold it (less selling costs).</p> | |
| <p>The interest rate charged on overnight loans between banks. The Reserve Bank of Australia (RBA) sets a target cash rate in order to control monetary policy.</p> | |
| <p>In relation to property law, a caveat is a legal notice that shows who has an interest in your property. You can't register a dealing (for example, to sell the property) until all caveats are removed or you get the consent of any people who hold a caveat. To put a caveat on your property or remove a caveat, contact your state's Land Titles Office.</p> | |
| <p>A _____ occurs when your lender has not been able to get in touch with you, despite making reasonable efforts to contact you.</p> | |

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| <p>Use these words only once to answer statements below.</p> <p>Conflict of Interest (COI)</p> <p>Security</p> <p>Co-borrower</p> <p>Consumer Lease</p> <p>Commission</p> <p>Comparison Rate</p> <p>Consumer Credit Insurance (CCI)</p> | |
| <p>A person who borrows money jointly with you. Each person is responsible for the loan, so if one of you does not pay, the other person must pay the full amount.</p> | |
| <p>Property or assets you put up as _____ or a loan.</p> | |
| <p>A fee paid to an adviser or salesperson as an incentive for selling a particular product. An upfront commission is based on the sale amount of the product. An ongoing commission is based on the balance of the account.</p> | |
| <p>A rate that helps you work out the true cost of a loan. It includes the , and most fees and charges relating to a loan, reduced to a single percentage figure.</p> | |
| <p>A situation in which someone in a position of trust has competing professional and personal interests which could make it difficult for them to remain impartial. For example, an adviser or broker may sell you a product that benefits them more than it does you.</p> | |
| <p>Insurance that covers you if something happens that affects your capacity to meet the payments on your loan. _____ usually covers risks such as illness, death, disability or involuntary unemployment.</p> | |
| <p>An agreement where you rent an item, like a laptop, TV or fridge, for a set amount of time. You make regular rental payments, typically weekly or fortnightly, until the lease ends. At the end of the lease, you don't own the item. The company you leased it from does. The lease agreement shows you the total amount you'll pay, including fees. This might be double what it would cost to buy the item outright in a store.</p> | |

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| <p>Use these words only once to answer statements below.</p> <p>Dispute Resolution</p> <p>Credit Guide</p> <p>Creditor</p> <p>Debenture</p> <p>Enduring</p> <p>Depreciation</p> <p>Early Termination Fee</p> <p>Credit File</p> <p>Debt consolidation</p> <p>Dependant</p> <p>Credit Limit</p> | |
| <p>A file kept by a credit reporting agency that shows your credit history. Lenders access the information in your file to help them decide whether to lend to you. They can also record a default on your file if you make loan repayments late, or don't pay a utility bill. Every time you make an application for finance an entry is recorded on your file showing the lender you applied to, the type of finance, the amount and the date.</p> | |
| <p>Anyone engaging in credit activities (for example, by providing credit or credit assistance to you) must give you a xxx. A xxxxx will contain information about the lender, such as their licence number and external dispute resolution (EDR) scheme membership. It will also include the sort of costs you might pay if you take a loan from the lender.</p> | |
| <p>The maximum amount a bank will lend you under a loan or a credit contract.</p> | |
| <p>A person to whom you owe money.</p> | |
| <p>A medium-term investment issued by a company where investors lend them money in exchange for a regular and fixed interest amount for the term of the investment. The invested funds (principal) are repaid at the end of the term (maturity) and are usually secured by tangible property. They may be offered at call or for a set period.</p> | |
| <p>When several loans are combined into one, with the aim of reducing repayments. Also known as loan consolidation.</p> | |

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| A person who relies on you for financial support e.g. children under 18 or your non-working spouse. | |
| A decrease in the value of an asset | |
| A way to resolve issues instead of going to court. All Australian Financial Services (AFS) licensees, banks and other credit providers must belong to a dispute resolution scheme. | |
| A fee which may be applied if a loan is repaid earlier than the stated term | |
| Like an ordinary (PoA), an _____ power of attorney authorises your nominated representative to make property and financial decisions for you. Unlike an ordinary PoA, an _____ PoA continues to have effect if you become mentally incapacitated at a later date. | |

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