

## CREDIT GLOSSARY

The realm of credit can be a bit intimidating, but it's a fundamental aspect of modern financial life. This section introduces you to key banking English vocabulary that defines how credit works. With a good understanding of these concepts, you'll be better equipped to manage your credit effectively.

- **Credit card:** a card that lets you borrow money up to a certain amount. If you don't pay off your balance every month, you'll have to pay interest on it.
- **Credit score:** a number that shows how creditworthy you are. It is based on things like how well you pay your bills and how much debt you have.
- **Credit report:** a thorough record of your credit history that lenders use to figure out if you can pay back a loan.
- **Debit card:** related to your bank account and lets you use your own money instead of taking it in cash.
- **Credit limit:** the maximum amount of money you can borrow with a credit card. The company that gives you the credit card decides what it is.
- **Secured Credit Card:** a credit card that costs money and is often used to build or fix credit.
- **Credit counseling:** a service that helps people deal with their debt. It is usually offered by non-profit groups.
- **Credit unions:** financial cooperatives that are owned by their members. They often have lower fees and better interest rates.
- **Credit Inquiry:** when someone asks for your credit report. It can be hard (which affects your credit score) or soft (which doesn't).
- **Balance Transfer:** moving a credit card amount from one card to another, usually to get a lower interest rate.
- Credit is a multifaceted tool that requires careful management. The terms you've learned here provide insights into how credit functions, from cards to scores to counseling. By understanding these concepts, you can utilize credit to your advantage and avoid common pitfalls.