

Examrace

Competitive Exams: International Banking Terminology N to Z

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- **Negative Amortization:** Negative amortization occurs when a loan payment is less than the loan's accruing interest. This causes the loan to grow instead of reduce or amortize. Also known as deferred interest.
- **Overdraft:** When the amount of money withdrawn from a bank account is greater than the amount actually available in the account, the excess is known as an overdraft, and the account is said to be overdrawn.
- **Power of Attorney:** A written instrument, which authorizes one person to act as another's agent or attorney. The power of attorney may be for a definite, specific act, or it may be general in nature. The terms of the written power of attorney may specify when it will expire. If not, the power of attorney usually expires when the person granting it dies.
- **Prime Rate:** The most widely used benchmark in setting interest rates for banking products (loans, credit cards). Prime is based upon the Federal Funds rate, which is set by the Federal Reserve Bank.
- **Reconciliation:** The process of analyzing two related records and, if differences exist between them, finding the cause and bringing the two records into agreement.
- **Refinancing:** The process of paying off one loan with the proceeds of another loan, usually at a lower interest rate and pertaining to the same property as security.
- **Revolver:** A credit agreement that allows a customer to borrow against a preapproved credit line. Usually used for working capital needs, the borrower is only billed for the amount that is actually borrowed plus any interest due. Collateral may be based upon accounts receivable and inventory.
- **Stop Payment:** An order not to pay a check that has been issued but not yet cashed. If requested soon enough, the check will not be debited from the payer's account.
- **Title:** The evidence one has of right to possession of land.
- **Title Insurance:** Insurance against the loss of ownership of property resulting from a defect of title to the described parcel of real property.
- **Title Search:** An investigation into the history of ownership of a property to check for liens, unpaid claims, or other problems, to prove that a seller can transfer free and clear ownership.

- **Uncollected Funds:** A portion of a deposit balance that has not yet been collected by the depository bank.
- **Uniform Commercial Code:** A set of statutes enacted by the various States to provide consistency amount the States' commercial laws. It includes negotiable instruments, sales, stock transfers, trust and warehouse receipts, and bills of lading.
- **Usury:** Charging an illegally high interest rate on a loan. Usury rates are generally set by State law.
- **Wire Transfer:** A transfer of funds from one point to another by the Federal Reserve Wire Network.
- **Yield:** Amount of interest generated on a loan.

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