

# WORDBANK

**Barter:** In its simplest form, bartering involves the direct exchange of goods or services for other goods or services without reference to money or money value.

**Business Plan:** A business plan is an outline and evaluation of your business proposal – a blueprint for starting, maintaining or expanding a business. It should include your goals and objectives, details of your product or service offerings, your market position and business strategies.

**Capital:** Material wealth used or available for use in the production of more wealth.

**Community Bank:** The Community Banking model essentially treats the whole community as one unit, and establishes semi-formal or formal institutions through which finance is dispensed. Profits are usually put back into the community.

**Compound Interest:** Interest computed on the accumulated unpaid interest as well as on the original principal.

**Collateral:** A security or guarantee (usually an asset) pledged for the repayment of a loan in case of financial difficulty

**Credit:** Is the ability to buy goods now and pay for them later.

**Credit Union:** A nonprofit cooperative financial institution that provides credit to its members.

**Currency:** Money or other items used to facilitate transactions.

**Debt:** Money that one person or entity owes or is required to pay to another, generally as a result of a loan or other monetary transaction.

**Grameen Bank:** Is the bank that invented the concept and practice of micro-credit - providing working capital to the poorest of the poor without demanding collateral - in order to help people lift themselves out of poverty. The bank was founded in Bangladesh in 1983 by Prof. Muhammad Yunus.

**Informal Economy:** The exchange of goods and services not accurately recorded in government figures and accounting. The informal economy, which is generally untaxed, commonly includes goods and services including day care, tutoring, or black market exchanges.

**Interest:** A charge for a loan, usually a percentage of the amount lent.

**Islamic Banking:** Banking services that allow the Islamic community to conduct business in accordance with Islamic tenets (beliefs.) The essential feature of Islamic banking is that it is interest-free.

**Market:** 1. *Verb:* Making products available for sale and promoting them.  
2. *Noun:* A group of potential customers for your product.

**Micro Credit:** Microcredit is a component of microfinance and is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. In developing countries especially, microcredit enables very poor people to engage

in self-employment projects that generate income.

**Micro Finance:** is an economic development approach that involves providing financial services through institutions to low-income clients, where the market fails to provide appropriate services. The range of products provided by the microfinancial institutions (MFIs) includes credit, savings and insurance services. Many microfinance institutions also provide social intermediation services, such as training and education, in line with their development objectives.

**Micro Finance Institution (MFI):** Is a business that provides financial services that the poor can use. Every MFI is different, but all of them provide financial services to people who are poorer and more vulnerable than traditional bank clients.

**Micro Savings:** Are deposit services that allow people to store small amounts of money for future use, often without minimum balance levels. Microsavings allow households to store money when they have a little extra, so that when emergencies arise, they have money they can use.

**Non-Government Organisations:** Are organisations which are not run for profit. They are sometimes self funded but often receive funds from governments. They are often involved in improving the physical, social, economic and political environments in which people live.

**Poverty:** The understanding of poverty has expanded from a narrow, income or consumption-based measure (for example an income of less than US\$2 per day), to a broader one which may include social indicators, environmental and gender issues, accountability and vulnerability. The Australian Government defines the poor as "those who suffer a level of deprivation such that they are unable to meet minimum standards of well-being. Critical aspects of well-being include: adequate resources for attaining the basic necessities of food, water, shelter and clothing; access to acceptable levels of health and education; accountability from state institutions and civil society, and freedom from excessive vulnerability to adverse shocks".

**Profit:** The money a company makes. Total income or cash flow minus expenditures and taxes.

**Risk:** The chance of non repayment of a debt. The term risk can also refer to variability of returns from an investment.

**Rotating Savings Society:** A group of people who meet regularly to save an agreed amount of money. Nearly always, the members of such societies are women. The society combines social functions with the serious intention of allowing group members to gain access to a larger sum of money than they could readily save.

**Trade:** The commercial exchange (buying and selling on domestic or international markets) of goods and services