

BASIC BANKING TERMS EVERYONE SHOULD KNOW

1. Savings Account

A basic bank account to store your money safely and to earn interest. In this account, one can deposit and withdraw money anytime. It is best suited for individual bank account holders.

2. Current Account

A bank account is useful for businesses with unlimited financial transactions. But usually no interest will be payable for holding huge amounts in your bank accounts.

3. Fixed Deposit (FD)

You can deposit a lump sum for a fixed period at a fixed interest rate. Higher returns than a savings account, depending on the period you hold.

4. Recurring Deposit (RD)

You deposit a fixed amount every month for a set period. Good for disciplined savings.

5. Personal Loan

A loan taken without security for personal needs like travel, a wedding, or emergencies. Interest rates are higher compared to secured loans.

6. Overdraft

A facility that lets you withdraw more money than you have in your account, up to a set limit.

7. EMI (Equated Monthly Installment)

The fixed amount you pay every month to repay a loan, including principal and interest.

8. Net Banking

Banking services done online using your computer or mobile.



9. UPI (Unified Payments Interface)

An instant payment system to transfer money using your phone to another person using apps like Google Pay or PhonePe.

10. NEFT (National Electronic Funds Transfer)

An electronic method to transfer money from one bank to another within India, in batches.

11. RTGS (Real Time Gross Settlement)

A method to transfer large amounts instantly between banks. It usually starts with Rs.2,00,000 minimum transfer.

12. IMPS (Immediate Payment Service)

A service to transfer money instantly, available 24x7, even on holidays.

13. KYC (Know Your Customer)

The process of verifying your identity with documents like Aadhaar, PAN, or a passport before using banking services.

14. Nominee

The person you choose to receive your bank account or deposit amount if something happens to you.

15. Repo Rate

The interest rate at which the RBI lends money to banks. It affects loan and deposit rates in the economy.

16. Reverse Repo Rate

It is the opposite of the Repo rate.

Reverse repo rate is the interest rate at which the Reserve Bank of India (RBI) borrows money from commercial banks to get more liquidity from the economy.



17. Gold Loan

A loan where you pledge your gold jewelry or coins as security. The bank gives you money based on the gold's value, and you get it back after repayment.

18. Home Loan

A long-term loan you take to buy, build, or renovate a house. The property itself is kept as security until you fully repay.

19. Education Loan

A loan to cover higher education costs, including tuition fees, books, and living expenses. Repayment usually starts after completing the course.

20. Credit Score

A 3-digit number (300–900) showing how trustworthy you are in repaying loans. Higher is better.

21. Lifetime Free Credit Cards

Credit cards with no annual or joining fees for life. You enjoy the benefits without paying yearly charges, but you must still pay your dues on time to avoid penalties.

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