

A complex network diagram on a blue background, featuring interconnected lines and nodes in shades of purple, pink, and red. The lines form a web-like structure with various geometric shapes and connections.

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BANK TERMS GLOSSARY

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BANKING LINGO



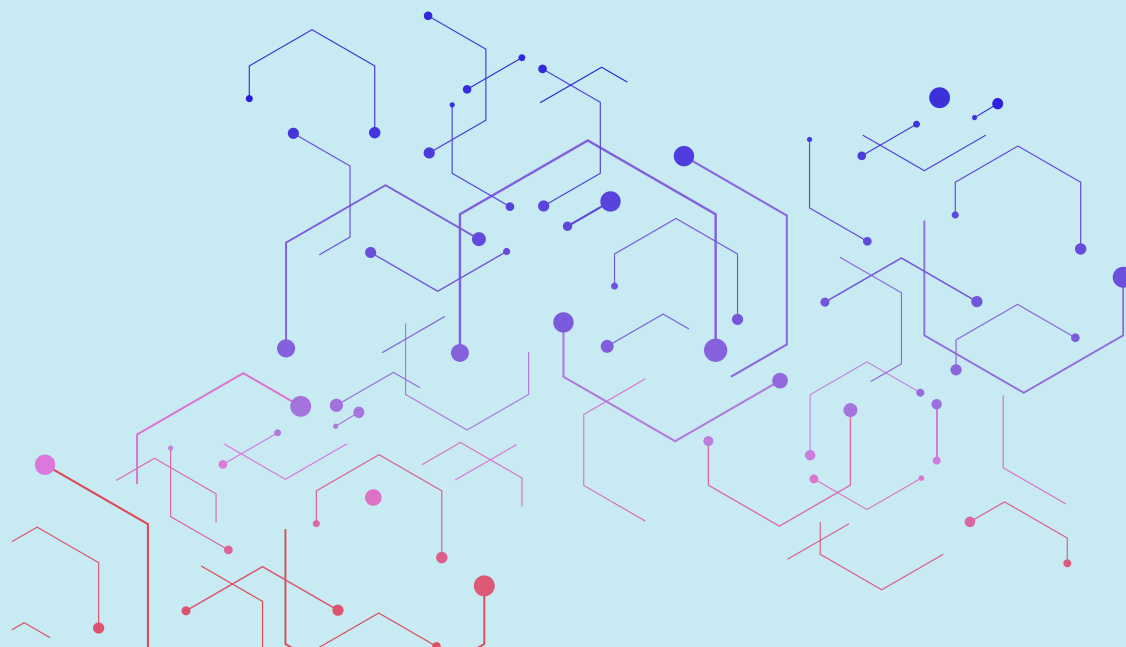
Talk Like A Banker

Like many industries, banking has its own set of terms, abbreviations and concepts that might be unfamiliar at first. As one of the most highly regulated sectors in the U.S., it also comes with a variety of agencies — each with its own acronyms. To ensure clarity, we typically spell out terms on first reference.

While this glossary isn't comprehensive, it includes many of the common words and phrases you'll encounter when working with bankers. For select terms, we've also included pronunciation tips to help you feel confident using them.

Find additional resources on many key topics at [aba.com/bankingIQ](https://www.aba.com/bankingIQ)

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ABA

American Bankers Association. ABA is the voice of the nation's \$25 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$19.7 trillion in deposits and extend \$13.1 trillion in loans.

ABA Banking Journal

First published in 1908, the ABA Banking Journal is the flagship magazine of the American Bankers Association. In both its bimonthly print editions and online at aba.com/BankingJournal, the magazine provides timely and sophisticated analysis, insight and inspiration for banks of all sizes.

Access to the ABA Banking Journal and the ABA Daily Newsbytes email newsletter are among the benefits available to all employees at ABA Partner Network companies.

ABA Partner Network

The ABA Partner Network is an industry-leading ecosystem of technology and service providers that helps ABA member banks boost operational performance, grow their business and build for the future.

ABAQ

ABA NASDAQ Community Bank Index.

Account Number

A unique set of digits assigned to an account. A routing number identifies the specific financial institution, while the account number identifies a specific account within that institution.

ACH Network

A payment system that drives fast direct deposits and direct payments. Has the capability to reach all U.S. bank and credit union accounts. The network is governed by Nacha. In 2024, 33.6 billion ACH Network payments were made, valued at \$86.2 trillion.

Altered Check

An altered check has been modified in some way after issue. Check is "washed" and payee's name or amount changed.

AML

Anti-money laundering.

American Banker

An online and print publication that is not owned or published by the American Bankers Association.

APR

Annual percentage rate.

ARM

Adjustable rate mortgage.

Artificial Intelligence

Umbrella term for various adaptive technologies. There are various use cases for these technological tools in banking.

ATM

Automated teller machine. The AP Stylebook offers this helpful tip: "ATM is acceptable in all references for automated teller machine. Do not use the redundant ATM machine."

BaaS

Banking as a Service.

Bank On

Connects consumers to safe and affordable bank accounts. The Bank On national platform, led by the nonprofit Cities for Financial Empowerment Fund (CFE Fund), helps people navigate the marketplace and easily identify accounts that meet their needs.

BOI

Beneficial ownership information.

BSA

Bank Secrecy Act (BSA). Collectively refers to a series of laws intended to detect and prevent money laundering, and later, the financing of terrorism.

CAFP

Certified AML and Fraud Professional.

Cards

A variety of bank-issued payment accounts are accepted broadly through the major network brands, with either pay before (prepaid), pay after (credit) or with near real-time withdrawals (debit).

CCTS

Certified Corporate Trust Specialist.

CDD

Customer Due Diligence.

CDFI

Community Development Financial Institutions. Along with Minority Depository Financial Institutions, supports job creation and economic vitality in underserved communities.

CECL

Current Expected Credit Loss.

CERP

Certified Enterprise Risk Professional.

CFMP

Certified Financial Marketing Professional.

CFPB

Consumer Financial Protection Bureau.

CISP

Certified IRA Services Professional.

Community Bank

Community banks account for the vast majority of banks in the United States, and lending by community banks totaled \$2.31 trillion in 2023.

The OCC and FDIC define community banks not only on asset size but on where and how they do business. Community banks “focus on providing traditional banking services in their local communities” and get “most of their core deposits locally and make many of their loans to local businesses.” Meanwhile, the Federal Reserve “defines community banking organizations as those with less than \$10 billion in assets.”

Counterfeit Check

Made to look like legitimate checks but not actually issued by the account holder; does not contain the authorized signature of the accountholder.

Core

Alternatively referred to as a core processing system, core provider, core platform or core banking system. It is the primary system of record for the bank.

CRA

Community Reinvestment Act. Requires banking regulators to assess bank and savings associations’ record of helping to meet the credit needs of the communities in which they are chartered.

CRCM

Certified Regulatory Compliance Professional.

CRE

Commercial real estate.

Credit Union

Not a bank. Credit unions might resemble banks in appearance and operations, but they are not subject to the same taxes or regulations. Over several decades, the \$2.3 trillion credit union industry has evolved significantly, often moving beyond the scope originally intended for its tax-exempt status.

CSOP

Certified Securities Operations Professional.

CTA

Corporate Transparency Act.

CTFA

Certified Trust and Financial Advisor.

CTRs

Currency Transaction Reports. Filed for cash transactions over \$10,000 in a single day (aggregate).

De Novo Banks

New banks. Not formed through a merger or acquisition. De novo is a Latin term that means “anew,” “from the beginning,” or “afresh.”

Digital Assets

Examples include stablecoins, central bank digital currencies and cryptocurrency.

Direct Deposit

A method of electronic funds transfer (EFT) where a payment is sent electronically into a person’s bank account. Direct deposits go through the Automated Clearing House (ACH).

Dodd-Frank

Dodd-Frank Wall Street Reform and Consumer Protection Act. Designed to promote financial stability, the DFA (or Dodd-Frank) is a very broad and complex statute that ushered in a sweeping new financial services regime, in response to the financial crisis of 2008.

EDD

Enhanced Due Diligence.

EFT

Electronic Funds Transfer.

Electronic Fund Transfer Act (Reg E)

EFTA establishes the rights, liabilities and responsibilities of consumers and banks with regard to electronic fund transfers and includes requirements with regard to certain overdraft services.

EGRPRA

Pronounced uh-grip-rah. The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) requires federal banking agencies to review their regulations every 10 years to identify outdated or unnecessary requirements for insured depository institutions.

ERISA

Pronounced uh-riss-uh. The Employee Retirement Income Security Act of 1974 (ERISA) is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans.

Expedited Funds Availability Act (Reg CC)

EFAA governs the availability of funds from consumer and business customers’ deposits in transaction accounts and promotes the expedited collection and return of checks and electronic checks.

FASB

Financial Accounting Standards Board.

FATCA

Foreign Activity Tax Compliance Act.

Farm Banks

Banks that specialize in lending to agriculture. The median farm bank was 114 years old in 2024. Farm banks stick mainly to traditional banking practices — focusing on the fundamentals of credit, solid underwriting standards and knowledge of the customer’s business.

Faster Payments

Real-time and near-real-time payments. Examples include Zelle, FedNow and RTP. Not all faster payments happen instantly.

FCS

Farm Credit System.

FDIC

The Federal Deposit Insurance Corporation (FDIC) is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system.

FDIC Insured

One of the ways the FDIC helps maintain stability and public confidence in the U.S. financial system is by insuring deposits to at least \$250,000 per depositor, per ownership category at each FDIC-insured bank.

Federal Funds Rate

Set by the Federal Reserve and is the interest rate at which banks lend to each other overnight.

Federal Open Market Committee (FOMC)

The monetary policymaking body of the Federal Reserve System.

Federal Reserve Banks

Established by the United States Congress as the operating arms of the nation's central banking system. There are 12 Federal Reserve Banks.

Federal Reserve System

The Federal Reserve System — known as the Federal Reserve or “the Fed” — is the central bank of the United States. It was created on Dec. 23, 1913.

Federal Reserve System Board of Governors

There are seven members of the Board of Governors of the Federal Reserve System. They are nominated by the president and confirmed by the Senate. A full term is 14 years.

FedNow

A payments network that provides an instant settlement service without any consumer-facing application.

FHA

Federal Housing Administration.

FHLB

Federal Home Loan Bank.

FinCEN

Financial Crimes Enforcement Network. FinCEN is a bureau of the U.S. Department of the Treasury.

Fintech

Short for financial technology. A fintech is a company or technology designed to enhance and automate the delivery of financial services.

Fraud

Financial fraud is defined by acts that “intentionally and knowingly deceive the victim by misrepresenting, concealing, or omitting facts about promised goods, services, or other benefits and consequences that are nonexistent, unnecessary, never intended to be provided, or deliberately distorted for the purpose of monetary gain.”

Gramm-Leach-Bliley-Act (Reg P)

GLBA Title V governs the treatment of nonpublic personal information about consumers. It requires notice to consumers about a financial institution's privacy policies and practices, describes when nonpublic personal information may be disclosed to nonaffiliated third parties, and provides mechanisms for consumers to “opt out” from information sharing in certain circumstances.

GSE

Government Sponsored Enterprise.

GSIB

Pronounced gee-sib. Global systemically important banks. GSIBs are significant drivers of not only the American economy but the global economy.

HMDA

Pronounced hum-duh. Home Mortgage Disclosure Act (Reg C) enacted in 1975. HMDA is designed to provide home mortgage data to the public to help determine if financial institutions are serving the housing needs of their communities, to help public officials distribute public investments, and to identify possible lending discrimination.

Interest

A fee charged to a borrower for the use of funds or the money paid to a depositor for lending their money to the bank.

IRA

Individual Retirement Account.

ITIN

Can be used for financial services (opening an account and sometimes for lending). A person cannot have a Social Security number (SSN) and an ITIN. An ITIN is issued to a person if one is ineligible for an SSN.

KYC

Know Your Customer.

LMI

Low- and moderate-income.

LOS

Loan origination system.

MDFI

Minority Depository Financial Institutions. Along with Community Development Financial Institutions, supports job creation and economic vitality in underserved communities.

Nacha

National Automated Clearing House Association.

Negotiable Instrument

A negotiable instrument, sometimes called an instrument, is any financial document that directs payment to its holder or a named party. A check is a type of negotiable instrument.

Net Interest Income (NII)

The difference between interest earned on loans and interest paid on deposits. It is the primary source of income for most banks.

Net Interest Margin (NIM)

Shows how efficiently a bank generates profit from its earning assets.

NCUA

National Credit Union Administration.

OCC

Office of the Comptroller of the Currency.

OFAC

Pronounced oh-fack. The Office of Foreign Assets Control (OFAC) is a financial intelligence and enforcement agency of the U.S. Treasury Department.

QRM

Qualified Residential Mortgages.

Regulation II (Reg II)

Pronounced "eye eye." The Federal Reserve's Regulation II (Reg II) places a cap on debit interchange fees.

RESPA

Pronounced res-puh. Real Estate Settlement Procedures Act.

ROA

Return on Assets.

ROI

Return on Investment.

Routing Number

The ABA Routing Number was developed by the American Bankers Association in 1910. It identifies the specific financial institution responsible for the payment of a negotiable instrument. Originally designed to identify only check processing endpoints, it has evolved to designate participants in automated clearinghouses, electronic funds transfer and online banking.

SARs

Pronounced sars. Suspicious Activity Reports (SARs). Filed when a transaction is suspected to involve funds from illegal activities, is designed to evade BSA requirements, or lacks a lawful purpose.

SEC

Securities & Exchange Commission.

SLA

Service Level Agreement.

SLOOS

(Pronunciation hint: Rhymes with juice.) Senior Loan Officer Opinion Survey on Bank Lending Practices. The Federal Reserve generally conducts the survey quarterly.

Stablecoins

A form of digital asset designed to maintain a stable value, typically pegged to a currency like the U.S. dollar.

TARP

Troubled Asset Relief Program.

TILA

Pronounced tee-luh. Truth in Lending Act. Regulation Z implements the TILA.

TISA

Truth in Savings Act (Reg DD). Designed to enable consumers to make informed decisions about bank accounts.

TPRM

Third-party risk management.

TRIA

Terrorism Risk Insurance Act.

TRID

TILA-RESPA Integrated Disclosures.

UCC

Uniform Commercial Code.

UDAP

Unfair or Deceptive Acts or Practices. Section 5 of the Federal Trade Commission Act (FTC Act).

UDAAP

Unfair, Deceptive or Abusive Acts and Practices. Pursuant to the Dodd-Frank Act.

Wires/Wire Transfers

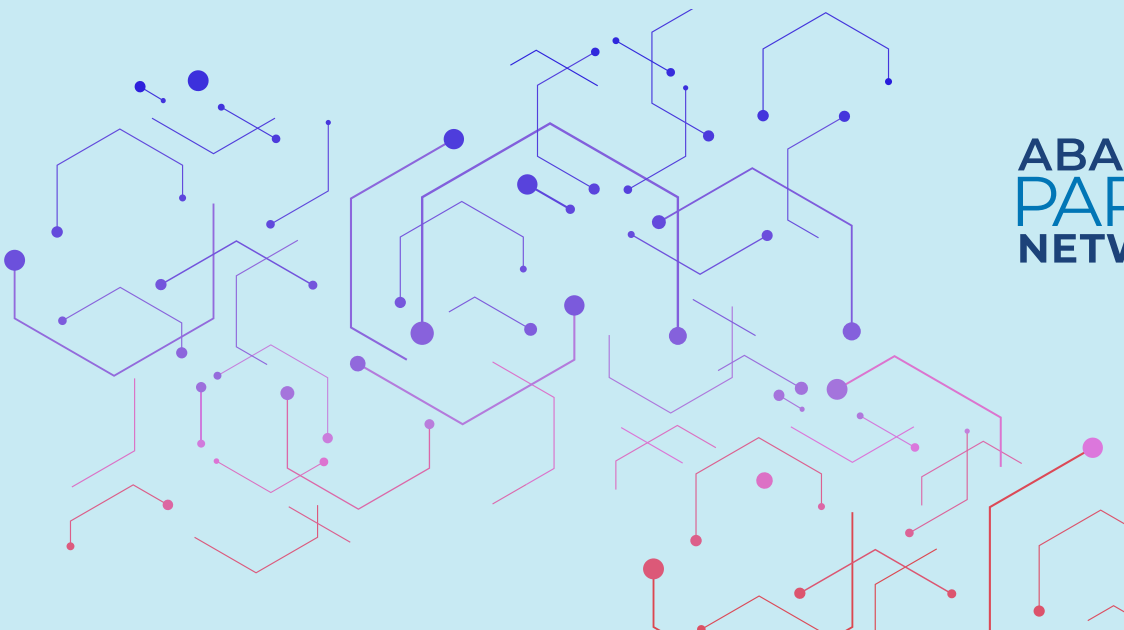
A way to electronically send money to a U.S. or an international recipient's bank account.

Want to Know Banks Better?

See additional resources at [aba.com/bankingIQ](https://www.aba.com/bankingIQ)



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