Thusano trust

Glossary of Financial Terms

Why a glossary matters

Finance can feel like another language. Words like "liquidity" or "compound interest" sound complicated, but once you understand them, money decisions become easier. This glossary gives you plain-language explanations of terms you'll often hear.

Common terms

Asset: Anything valuable you own, like a car, house, or savings.

Budget: Your plan for how to spend and save money.

Compound interest: Interest that builds on both your savings and the interest already earned.

Diversification: Spreading money across different investments to reduce risk.

Dividend: The portion of profit a company pays to shareholders.

Emergency fund: Savings for unexpected events like job loss or illness.

Inflation: Prices rising over time, making money less valuable.

Liability: Something you owe, like a loan or credit card bill.

Liquidity: How quickly something can be turned into cash.

Portfolio: All your investments together.

Return: Profit or loss on an investment.

Risk: The chance of losing money.

Share: A unit of ownership in a company.

A real-life example

When Kabelo put money into a savings account, he earned interest. When he bought shares, he received a dividend. Over time, he built a portfolio. Each word became part of his financial journey — and each decision gave him more confidence.