

Financial terms and meanings

Some financial words might be confusing and you may be uncertain of their real meaning. This guide will help you understand the terms you'll come across in this theme.

These terms and meanings have been written within the context of the Financial Safeguard theme for the FSCA MyMoneyLearning Series.

The theme covers the following topics:

Topic	Sub-topics
Seek financial assistance	Financial advisors
	Financial plan
Savings	Savings vs. investments
	Informal savings
Investments	Understanding investments
	Making financial or investment decisions
	Fixed and variable interest investment products
	Digital assets
Retirement	Planning for retirement
	Two-pot system
	Claim unclaimed pension benefits
Insurance	Non-life insurance
	Life insurance

Financial term	Meaning
Accident	A sudden, unfortunate and unplanned event; something negative that happens by chance.
Administrator	A person who is licensed as a Financial Services Provider (FSP), or can act in terms of the Financial Advisory and Intermediary Services Act, who has written permission and instructions from an insurer to complete the paperwork related to a specific scheme.
Assets	Possessions such as buildings, furniture, vehicles, etc.
Beneficiary	An individual, institution, trustee, or estate which receives, or may become eligible to receive, for example, benefits from a pension fund, a will, a registered beneficiary fund or an insurance policy.
Benefit statement	The printed record of the pay-out details for a fund or policy.



Financial term	Meaning
Bitcoin	A type of online money that isn't controlled by a bank.
Blockchain	An online record of the exchange of digital information.
Budget	A plan that details how you are going to spend your income.
Capital	The money you invest.
Capital gain	When you can sell an investment for more than you bought it.
Capital gains tax	The tax you pay when you sell an asset for more money than you originally paid for it. The asset could be, for example, a house, items you received when someone died or interest earned on money you invested.
Causal event charges	The fee an insurer charges a member when they either retire early, reduce the amount they contribute to their retirement fund or stop paying their retirement payments completely.
Certificate	<p>With regards to fixed and variable interest investment products An official document to record specific information, for example, a stock or share certificate that proves you own a portion of the company that issued the stock or share. Another example is a tax clearance certificate, which proves that your taxes are in order.</p> <p>With regards to claim unclaimed pension benefits An official document to record specific information, for example, a birth certificate to record the details of a person's birth or a marriage certificate to record the details of a marriage. Another example is a death certificate.</p>
Civil commotion	An uprising of people causing a disturbance, for example, a riot.
Claim	<p>With regards to unpaid pension benefits A formal request, for example, if you request to be paid your unpaid pension fund benefit.</p> <p>With regards to short and long-term insurance The request for the benefits of an insurance contract once the event for which you were insured happens.</p>
Collective Investment Schemes (CIS)	A CIS is a type of investment used by investment managers to pool together investors' money. This enables the investors to access investments which they might not otherwise be able to access in their individual capacities. Through a CIS, an investor will get the opportunity to invest in assets such as shares, bonds, deposits, money market instruments, real estate, etc. One of the main characteristics of a CIS is that investors get to share the risks and benefits of their investment in a scheme in proportion to the participatory interests in the scheme. Commonly referred to as a unit trust.
Commission	Is the money that is payable to a Financial Advisor when they sell you a specific financial product or provide you with a financial service.
Complaint	A description of a problem that has reached the point where you no longer know how to proceed. It includes all the procedures that were followed in order to try to resolve it.
Compound interest	When you earn interest on the amount you invested, as well as on the interest you have already earned.
Crypto assets	A type of digital currency that is not controlled by a central bank. It is generated by solving increasingly more difficult maths equations.

Financial term	Meaning
Debit order	Regular payments, which could be a monthly, weekly or daily amount, taken from your bank account to pay an account, for example, your cellphone account.
Debt	An amount owed to a person or corporation for money borrowed. For example, money owed on a personal loan, bond, credit, etc.
Dependant	A person who relies on another, especially a family member, for financial support.
Digital currency	Digital currency is an electronic type of money exchange that has no physical cash (i.e. no coins and notes). It can be used to purchase goods and services and is normally used online.
Disability	A physical or mental condition that limits a person's movements, senses or activities.
Disclosure	The process of informing someone about all the important details that may have an impact on a financial decision.
Dividend	The money paid out based on the profit made.
Employed	Being employed means you have a job. You get paid by a business/company for the work you do for that business/company.
Equity	The ownership interest in a business, for example, the equity represents the stake that each stakeholder has in the company.
Estate	Refers to everything you own; all your assets (movable property and immovable property) as well as your liabilities (debts).
Estate duty	A tax payable from the estate left by a deceased person before the estate is distributed among the beneficiaries. Estates under a certain value do not pay estate duty.
Excess	The amount payable by you before the insurance company will pay your claim. This amount varies between insurance companies.
Exclusions	Benefits that are not be covered under your insurance policy. For example, conditions or diseases listed in a life policy document for which, if they result in the death of the life insured(s) (person(s) covered under the policy, no benefit will be paid.
Executor	A person appointed by the testator (the person who made the will) who is tasked to carry out the testator's wishes, after his/her death. The person who is responsible for keeping the estate safe until the assets or monies can be properly allocated to the people listed in the will.
Expense	An amount of money you have to pay.
Financial Advisor	A Financial Advisor is a professional who can provide you with financial advice. They can also recommend certain financial products and services in response to your financial needs, budget and goals.

Financial term	Meaning
Financial Sector Conduct Authority (FSCA)	The FSCA is the market conduct regulator of financial institutions that provide financial products and financial services, and financial institutions that are licensed in terms of a financial sector law. This means the FSCA makes sure that these licensed financial institutions follow the law. Examples of these financial institutions include: <ul style="list-style-type: none"> • Banks • Insurers • Retirement funds and administrators • Market infrastructures
Financial Services Provider	In terms of the Financial Advisory and Intermediary Services (FAIS) Act, an FSP is authorised by the Financial Sector Conduct Authority (FSCA) to give financial advice or provide you with financial services and products.
Friendly societies	A financial institution formed by a group of people with specific needs. They each contribute money and save together to assist each other financially, for example, for a funeral. It is not a profit making business, but any profit made is usually shared among members.
Goal	Something you want to achieve in the future.
Income	Money that you receive, for example, your salary, grant, pocket money, overtime income, etc.
Inflation	The gradual increase or rise in the price of goods over a period of time.
Insurance policy	A document that is evidence of a contract of insurance.
Interest rates	The percentage of interest that a bank charges for you to borrow money or that a bank pays you for saving money.
Intermediary	A company or Financial Services Provider mandated by an underwriter/insurer to sell its financial products.
Investment	The process of putting money in an investment product for the purpose of making more money/a profit on what you originally invested. When you put money into an investment product for a specific time period. Investment products include shares, property or unit trusts.
Investment manager	An investment manager is an individual or company that has been registered in terms of the Financial Advisory and Intermediary Services Act (FAIS) Act to manage an investment portfolio on behalf of investors.
Investor	Anyone who purchases investment products with the expectation of achieving profit and/or more income.
JSE Limited	The Johannesburg Stock Exchange is a licensed exchange where securities are bought and sold. It is one of many exchanges.
Keys	A key is a sophisticated form of cryptography that allows a user to access his or her cryptocurrency. A key is an integral aspect of bitcoin and altcoins. Its security features help to protect a user from theft and unauthorised access to funds. Without a key you will not be able to access your cryptocurrency.
Liabilities	A person/company's financial debts, for example, a loan you are paying off.



Financial term	Meaning
Limited	To have a small amount or not much of something.
Long-term insurance	Insurance which covers lifechanging events such as death, retirement and disability. Long-term insurance is also known as life insurance.
Loss	Negative return on investment.
Lump sum investment	A once-off investment by an investor.
Main insured	The person who has been accepted as the main insured person in terms of the policy.
Market value	The price of an asset in the market.
Needs	Basic things you cannot live without, for example, food, water, shelter, clothes, etc.
Ombudsman	An ombudsman is an official, usually appointed by the government, who represents the interests of the public by investigating and addressing complaints reported by individual citizens.
Participatory interest price or unit price	The price an investor will pay for his/her participation/portion in a portfolio. It is calculated by taking assets less liabilities of the portfolio and dividing it by the number of participatory interests in issue.
Participatory interests or units	The proportion that an investor owns in a portfolio i.e. his/her stake/percentage holding in a portfolio.
Pension	A pension is the amount of money you have saved up during the years you are able to work, for you to live on when you retire.
Pension Funds Adjudicator (OPFA)	An office that resolves pension fund related complaints free of charge. However, this does not include Government Employee Pension Fund queries or Government Pension queries.
Policy benefits	One or more sums of money, services or other benefits, including an annuity.
Policyholder	The person who is entitled to be provided with policy benefits under the policy.
Pooling	The process of grouping investors' money into one common portfolio.
Portfolio	A combination of assets, like shares and other securities, managed on behalf of investors by the investment manager.
Premium	The amount the policyholder pays to the insurance company for cover against a risk of loss of the insured's belongings or life or against dreaded diseases, for example.
Profit	Positive return on investment. The money you make or are left with after you have paid all expenses.
Property	Something owned, for example, a house or land. In relation to a participation mortgage bond scheme, it includes buildings like shopping centres, factories or office blocks.
Property developer	Person developing the property referred to above.
Purchase	To buy goods or services.



Financial term	Meaning
Representative	Means any person who renders a financial service to a client for or on behalf of a Financial Services Provider, in terms of conditions of employment or any other mandatory agreement.
Retirement annuity	A contract, sold by an insurance company, designed to provide payments to the holder at specified intervals, usually after retirement.
Return	The amount of money you make or lose on an investment.
Risk	Risk refers to potential or possible loss of income or exposure to a situation that could cause financial loss.
Risk (insurance)	The insured event, for example, flood, death, theft, accident, etc.
SASRIA (South African Special Risks Insurance Association)	Provides special risk cover against riots, wars, strikes and terrorism.
SASSA	The South African Social Security Agency is a national agency of the government, created in April 2005, to distribute social grants on behalf of the Department of Social Development.
Save	To put money away to be used later. For example, you can save your money in a savings account at the bank. You can also save money by putting extra money in your money box.
Securities	A general term for shares, bonds, money market instruments and debentures (certificate of debt).
Security	<p>With regards to financial security Financial security refers to the peace of mind you feel when you aren't worried about your income being enough to cover your expenses.</p> <p>With regards to loans, etc. An asset securing the repayment of a loan or some other obligation. For example, a house that is used as security and can be sold by a lender in case a loan is not repaid.</p> <p>In regards to safety of risk The state or fact of being free from danger or risk or an attempt to reduce danger or risk, for example, a security code.</p>
Shares	Part ownership in an investment, for example, a company which gives the right to share in the profits of the company as well as residual assets upon liquidation (closing and selling off a business).
Short-term insurance	Short-term insurance is insurance that you take out on your possessions, such as your house, car, cellular phone, furniture, etc. against loss due to events like fire, burglary or damage. Also known as non-life insurance.
Spend	To use your money to buy something.
Surplus	Surplus is the amount of money left over when more money comes in than goes out.

Financial term	Meaning
Tax	A compulsory contribution to government revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions.
Trust	<p>With regards to being trustworthy A firm belief in the reliability, truth, or ability of someone or something.</p> <p>With regards to an institution An institution where your assets can be controlled and administered before they are distributed to the beneficiaries.</p> <p>With regards to a trust company A legal entity that acts as fiduciary, agent or trustee on behalf of a person or business entity for the purpose of administration, management and the eventual transfer of assets to a beneficial party. A trust company does not own the assets its customers assign to its management, but it may assume some legal obligation to take care of assets on behalf of other parties.</p>
Trustees	A group of individuals who direct, control and oversee the operations of a retirement fund.
Unclaimed pension benefit	In terms of the South African Pensions Funds Act, unpaid retirement fund monies are defined as unclaimed benefits 2 years after a member leaves a fund due to resignation or retrenchment, but they have not yet accessed pension benefits.
Underlying assets	These are the assets owned by the portfolio (see definition of "Assets" above).
Underwriting	Underwriting is a term used by insurance companies to describe the process of assessing risk, so that the cost of the cover is proportionate to the risks faced by the individual concerned.
Unlicensed tracer	An individual or scammer pretending to be a tracing agent for unclaimed pension funds.
Unlimited	<p>With regards to banking products To have as many withdrawals and deposits as you need. There are no limits to how many times you may make a withdrawal or deposit.</p>
Will	It is also known as a testament. A will is a legal document in which you indicate what should happen to your money and assets when you die. In other words, a will gives you a say even after your death as to how your estate should be distributed or who should benefit from it.

© 2025 FSCA

Disclaimer

The information contained in this information booklet has been provided by the Financial Sector Conduct Authority (FSCA) for information purposes only. This information does not constitute legal, professional or financial advice. While every care has been taken to ensure that the content is useful and accurate, the FSCA gives no guarantees, undertakings or warranties in this regard, and does not accept any legal liability or responsibility for the content or the accuracy of the information so provided, or, for any loss or damage caused arising directly or indirectly in connection with reliance on the use of such information. Except where otherwise stated, the copyright of all the information is owned by the FSCA. No part of this information booklet may be reproduced or transmitted or reused or made available in any manner or any media, unless prior written consent has been obtained from the Financial Sector Conduct Authority's Office of General Counsel.

FSCA Contact Details

Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens, Extension 6, 0181, Pretoria, South Africa | 012 428 8000 |
Share call number: 0800 20 FSCA (3722) | info@fsc.co.za | www.fsc.co.za