

CREDIT CARD GLOSSARY: TERMS AND DEFINITIONS FOR CREDIT AND CREDIT CARDS

Understanding credit and credit card terms can help you choose the right financial products for your personal financial situation.

[JUMP TO: CREDIT CARD BASICS](#) | [CREDIT CARD REWARDS](#) | [CREDIT AND CREDIT SCORES](#) | [SECURED CREDIT CARDS](#) | [SMALL BUSINESS](#)

CREDIT CARD BASICS



Annual Fee

A credit card's annual fee is a yearly fee paid to keep the credit card open.



(Credit Card) Acceptance

Credit card acceptance is simply whether or not a merchant or online retailer will take your specific credit card as a form of payment.



Chargeback

A chargeback occurs when your credit card issuer steps in between you and a merchant to return funds following a transaction dispute.



Minimum Payment

The smallest payment a customer can make each statement period to keep the account in good standing.



Pre-Approved

Being pre-approved for a credit card typically means the card issuer has determined that you meet certain initial criteria that may include credit score and credit history.



Interest Charges

Interest charges are the cost of borrowing money. The interest rate that creditors charge is typically expressed in terms of an Annual Percentage Rate (APR).



APR (Annual Percentage Rate)

APR is the annual interest on your account if you carry a



Credit Limit

Also known as a credit line, a credit limit is the total



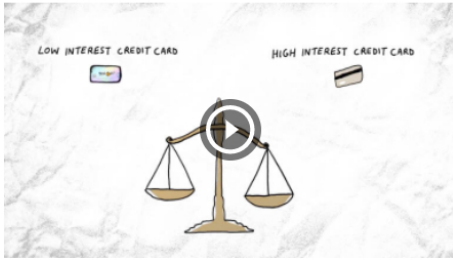
Authorized User

An authorized user is someone added to your credit card

balance, expressed as a percentage.

amount of money that can be charged to a credit card. Carrying a balance close to your credit limit may affect your credit score, which is why it's important to know your card limit.

account. This person will have a credit card in their own name, and have access to the primary cardholder's line of credit. While an authorized user does not need a credit check, they can make purchases and build a credit history, but they are not liable for making payments. Learn more at [Discover.com/AddAUser](https://www.discover.com/add-a-user).



Balance Transfer

A credit card balance transfer is when you take the balance of the amount you owe from one card and move it to another. You can save on interest payments for that balance if you transfer balances to a credit account with a lower interest rate.



Cash Advance

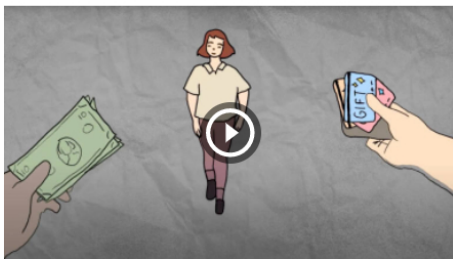
A cash advance is a feature of a credit card that allows you to borrow cash against your credit limit. In essence, it's a short-term cash loan you can do at a bank or ATM.



Introductory Rate

A lower APR offered by a credit card company to new customers for a limited period of time for purchases and/or balance transfers. Once this rate expires, your standard APR/interest rate will apply.

CREDIT CARD REWARDS



Rewards

Credit card rewards are bonuses that a credit card company provides its cardmembers for using its card. Popular rewards can take the form of points toward travel or shopping, or cash back incentives.



Cash Back

Cash back is a perk that some credit card issuers offer on their cards and refers to the cardmember earning back a percentage of the money spent on that credit card.



Travel Rewards

Travel rewards are the points or airline miles that you can earn for using your credit card for purchases.

CREDIT AND CREDIT SCORES



Credit Score/Credit Rating

A three-digit number that is calculated by credit bureaus (or any other company) that shows your credit worthiness.



Credit History

Your credit history takes your past credit behavior, including past loans and history of paying bills on time or late, and is used as one of several tools to calculate your credit score.



Credit Bureau

A company that collects the credit information of individuals from credit lenders and typically sells that aggregated information to credit lenders in the form of a credit report. The three major national credit bureaus are Experian, Equifax and TransUnion.





Bankruptcy

The legal process involving a person or business that cannot pay outstanding debts and may include relief from certain debts and/or the establishment or restructuring of debt repayment options.

SECURED CREDIT CARDS



Secured Card

A type of credit card that requires a deposit as collateral, which affects the credit limit on the card.

SMALL BUSINESS



Cash Flow

Cash flow is the amount of cash coming in and going out of your business. In a positive cash flow, more money is coming in. In a negative cash flow, more money is going out.



Limited Liability Company (LLC) Limit

A Limited Liability Company (LLC) is a type of business structure that can protect your personal assets and make it easier to separate your business and personal expenses.

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