

# Financial Terms – A Challenge for Non-native Users of English Language

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## Abstract

The financial world maybe more than other fields appeals to a peculiar language that may sound rather unfamiliar even for native speakers who are not accustomed with the domain. Though Business English is already a well developed subject in high education curricula of economic sciences, it rarely covers the specificities of the financial area. Deceitful or ambiguous in the ears of non-specialists, words and structures such as: futures, hedging, forward, butterfly spread, blue chips, short or long position, call and put, head and shoulders, bull or bear market prove difficult to be understood, let alone further explained, by English teachers without a minimal preparation in the financial domain. They have to approach carefully authentic material in the literature of specialty during their classes of English, and sometimes appeal to students' knowledge in the field in order to interpret and translate correctly, when translatable, various financial texts. The present paper attempts to draw attention on some of these financial language traps, words whose direct meaning can mislead the non-specialists into interpreting wrongly or giving straightforward translations which from the financial point of view represent nonsensical outcomes.

**Key words:** teaching financial English, challenging terminology, special preparation

## Introduction

The financial world has developed extensively and together with it the use of English for finances. Business English is doubtlessly well implemented in most higher education programs for economic students in all countries – non-native English speakers – and it includes diverse fields of economy. Financial world maybe more than other fields appeals to a peculiar language that may sound rather unfamiliar even for native speakers who are not accustomed with the domain. As for Romanian higher education in economics, with teachers of English teaching Business English to classes of finances, teachers have to be quite aware that both the English term of financial valance and their own mother tongue - due to its adaptable and permissive nature - can create problems unless they are prepared in the field of finances as well.

## The challenge of financial terms

Deceitful or ambiguous in the ears of non-specialists, words and structures such as: *futures, hedging, forward, butterfly spread, blue chips, short or long position, call and put, head and shoulders* etc., prove difficult to understand and further explain by English teachers, without a minimal preparation in the domain. On one hand, the field of finances provides vocabulary full of structures preserving their initial, English form – often metaphorical in themselves and perceived as it is by native speakers too. While students learn the meaning of the expressions in their classes of specialty, through various definitions and explanations belonging to the specialization, teachers of English being less prepared in this respect have to approach carefully authentic material of the literature of specialty during their classes of English, and sometimes appeal to students' knowledge in the field in order to interpret and translate correctly various financial texts. In the case of translated expressions, on the other hand, the things get

complicated as well. First, we might be misled by the direct meaning of the word and get a straightforward translation which from the financial point of view is a nonsensical outcome. Then, overcoming the fear of false friends - which most translated words in finances trigger – we might get to translate it correctly but understand nothing of the term resulted, as it exists in the common vocabulary with a common meaning while it is adopted with a specific, particular meaning by the Romanian financial vocabulary and only with respect to the financial world. Rather painstaking and perhaps not very successful unless having undergone a certain preparation in the fields, the endeavour of looking into and having an overview of some of the lexical elements of financial English can nevertheless prove useful both for translators and for English teachers working with economic students that undertake the specialization of finances. Next, we can see just some mere exemplifications, meant to raise awareness of how bewildering financial terms can be. As teachers of English, if not specialised in finances as well, and even then, though a bit more easily, we shall resort to all our linguistic, stylistic, metatextual and psychological baggage in order to depict the right formula of interpreting each particular notion.

### Graph description

Diagrams, charts, graphs are often ingredients of economic texts and the economists need to know how to describe them for being able to cope with the many instances which demand that approach. Students are hence required to assimilate the vocabulary connected to describing graphs and that is already common material for Business English. Still, some financial diagrams can be rather bewildering with their strange titles. Thus, in figure 1 we see the graphic representation of a long butterfly spread on the left and of a short butterfly spread on the right.<sup>1</sup>

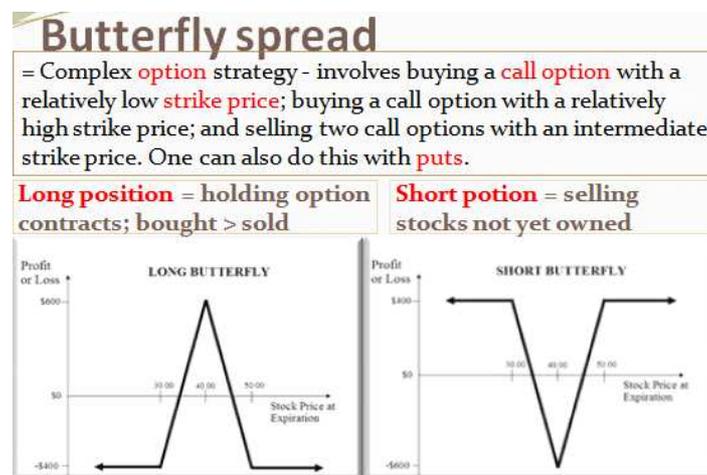


Figure 1. Butterfly Spread Graph

The allusion to the insect can be felt farfetched but the explanation given by financial dictionaries is that the graph resembles schematically a butterfly with spread out wings. Whatever the reasons and the explanations might be, we, as teachers of English to economic

students will have to deal with the metaphorical language implied and be careful with the notions met as each small fragment can be misinterpreted and produce nonsensical results.

It comes only natural that those intriguing notions have to be clearly understood in order to be able to deal with the situation, so a definition should be looked for and provided<sup>2</sup>, as seen in the figure, as it is doubtless the students will know how to explain the concept in English, if they know it in the first place; most they can do would be to help finding the translation in case there is one, or identify the notions that were borrowed as such by our language and for which there is no translation available, the economic world using the original term. Not translatable would be in the example given not only the structures 'butterfly spread', for which the definition was searched to clarify at least the meaning, but also the words 'call' and 'put', whose senses are clearly distinct from what standard language may imply. Then of course further preparation is needed to work out what these last two may mean financially, a.s.o. Other structures, like 'strike price' have specific translations financially, though they might exist also as concepts of the general language, so, here, it will not mean anything like the sum of what we know to be the meanings of strike and of price, but simply the price established previously for exercising an option (of course 'option' also in a financial market sense), as different from the real price at the particular moment.

In such circumstances, how can someone with no preparation in the field even identify what might be 'odd' financially, how can one know how to even start searching? These are difficult questions to answer and the best advice would be 'don't go there', meaning don't embark on working with so complicated things, but instead choose minimal specialization, risk free texts and diagrams to exercise English on. That is only reasonable, but what if the texts choose you? What if you are compelled to deal with it from various reasons, what if you got to translate one such text or are asked for some help by an Olympic student who got an assignment like this? Well, the point is, we have to be aware of the dangers of null or scarce preparation in the field when working so close to that field.

### **Text analysis**

The graph above can well be accompanied by a small text on derivative instruments (mind here 'derivative', already), which can also be tricky enough, as seen in figure 2.<sup>3</sup> The structures we circled will have to be carefully tackled and approached as previously, armed with patience, with internet at hand, having an efficient browser and a good financial dictionary<sup>4</sup> already bookmarked.

## Derivative instruments

- Similar to futures, options are either used as hedging instruments, to acquire or sell instruments or for speculative reasons. The question must again be asked whether the option was bought for long-term purposes or for trading/speculative purposes. Call options that were written could hardly be for any other purpose than for speculative gain or speculative hedging. In some instances a case for long-term investment purposes could be made out with written put options, although the outcome of the acquisition of the final investment is uncertain.

*Figure 2. Derivative instruments text analysis*

Some of the words have already been met in the definition in the graph section (put and call options), and the others, have here particular meanings derived from the regular ones. Frequently met in standard English, 'future' here is just a type of financial instrument, the name of a derivative, and it is not translated, but kept as such, while 'written' is here simply the equivalent of purchased. 'Hedging', comes from to hedge and has an enlarged meaning here, of covering, normally being used as such, though rare translations of the structure 'of covering' might be met for it.

Another example<sup>5</sup> seems again quite simple at first grasp, as it deals with a very common principle, that of market trends. As seen in figure 3, problems occur here too, head and shoulders, candlesticks, bear and bull, not being, of course, what our first thought drives us to when hearing them.<sup>6</sup>

## Market trends

- A head and shoulders pattern is formed in the candlesticks diagram by a peak (shoulder), followed by a higher peak (head), and then another lower peak (shoulder). A neckline is drawn by connecting the lowest points of the two troughs. The slope of this line can either be up or down. Typically, when the slope is down, it produces a more reliable signal. Consecutively descending slopes are signs of a bear market while the ascending trend characterises a bull market.

*Figure 3. Market trends text analysis*

And things can go one like that for a while as the appearance of these metaphoric notions demands explanation that might again lead to some new element, prolonging the procedure. Figure 4<sup>7</sup> speaks for itself offering written or at least graphic explanation for most of the notions.

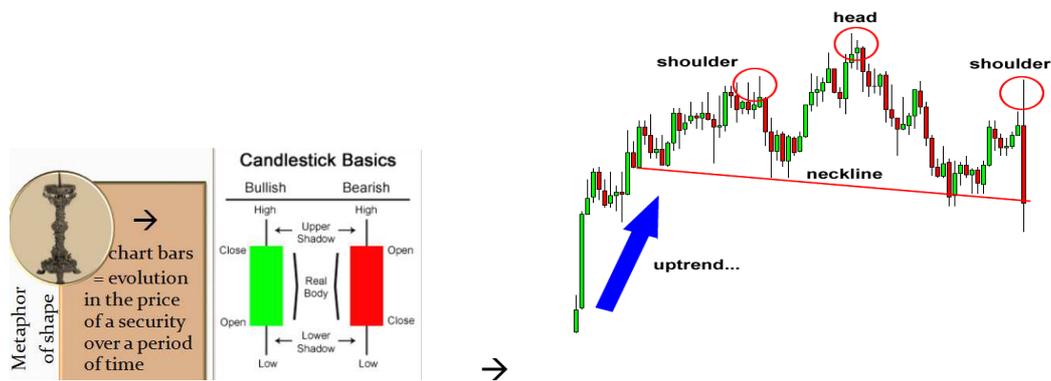


Figure 4. Head and shoulders on the candlesticks diagrams of a bear market

## Conclusions

Even understanding each term their combination proves rather complicated. The meaning lies in financial study not just preparation concerning terminology. So, things are even more complicated than they seem. Solutions are hard to be given, but, at least, one first step should be taken: terminological and semantic preparation, as obviously, specialization in the given fields cannot be an option for every teacher of English that teaches in a certain field. Anyhow, avoiding complicated material, picking safe texts to use in class, preparing in advance, asking specialists in the field (colleagues) or sometimes even the students are a few possible answers. By and large, the key to the successful endeavour lies in the next 5 ideas: awareness, careful choice of materials, thoughtful approach, interdisciplinary communication, specialization.

## Sources of the material analysed:

1. <http://finance-dictionary.com/>
2. <http://financial-dictionary.thefreedictionary.com/>
3. <http://riskinstitute.ch/00010622.htm>
4. <http://www.brokervalas.com/wp-content/uploads/2011/06/head-and-shoulders-before.png>
5. <http://www.babypips.com/school/head-and-shoulders.html>
6. <http://www.eagletraders.com/books/afm/afm9.htm>
7. <http://www.forexindicatorsguide.com/2011/01/candlestick-basics.html>
8. <http://www.forwardthinking.vc/resources/commodityfuturesglossary>
9. <http://www.theoptionsguide.com/>
10. <http://www.vam.ac.uk/>.

## Notes

<sup>1</sup> Source of graphs: <http://www.theoptionsguide.com/butterfly-spread.aspx> and <http://www.theoptionsguide.com/short-butterfly.aspx>.

<sup>2</sup> Source of definition provided: <http://financial-dictionary.thefreedictionary.com/Butterfly+Spread>, See also <http://www.forwardthinking.vc/resources/commodityfuturesglossary> or <http://riskinstitute.ch/00010622.htm>.

<sup>3</sup> Source of the text in figure 1: <http://www.eagletraders.com/books/afm/afm9.htm>.

<sup>4</sup> For illustration: <http://finance-dictionary.com/> and <http://financial-dictionary.thefreedictionary.com/>.

<sup>5</sup> Source of the text in figure 2: <http://www.babypips.com/school/head-and-shoulders.html>.

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<sup>6</sup> For exemplification see: <http://finance-dictionary.com/index.php?s=bear+market>.

<sup>7</sup> Sources of images: for the candlestick: <http://www.vam.ac.uk/images/image/20657-popup.html>, for chart bars basics: <http://www.forexindicatorsguide.com/2011/01/candlestick-basics.html>, for the diagram: <http://www.brokervalas.com/wp-content/uploads/2011/06/head-and-shoulders-before.png>.