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Word of the Day – **Collateral**

Transcript

Hi everyone. This is Paul. Today's word of the day is **collateral**. **Collateral** is a noun but it can also be used as an adjective. It's more of a formal term but it's also neutral. When do you use **collateral**? Well when you want to use it as a noun the definition is a security pledge for a payment of a loan. So what does that mean? Think of it like this: it's a temporary promise, something that you own like property that the bank will get if you do not pay your loan. For example,

"Mr. Kim, what kind of collateral are you able to provide for this loan?"

And a proper response would be,

"I'm able to put down my car as collateral to take out the loan."

So in this case what you're trying to say to the bank manager is that if do you not pay your loan, the bank will be able to take your car. So that's **collateral** as a noun. Now if you want to use **collateral** as an adjective, the definition is accompanying something, in addition to something, confirming with something. But mostly on the news you'll hear it like this,

"There was collateral damage when the US army bombed the terrorist base."

So what this means there was extra damage when the US bombed the terrorist base. But in this context what it means is there were unfortunate civilian deaths when the US bombed the terrorist base. So if you have more questions or if you'd like the full transcript go to Practicus.co.kr. Thank you very much and take care.