The field of finance refers to the concepts of time, money and risk and how they are interrelated. The term "finance" may thus incorporate any of the following:

The study of money and other assets;
The management and control of those assets;
Profiling and managing project risks;
The science of managing money;
The industry that delivers financial services
As a verb, "to finance" is to provide funds for business or for an individual's large purchases (car, home, etc.).

An entity whose income exceeds its expenditure can lend or invest the excess income. On the other hand, an entity whose income is less than its expenditure can raise capital by borrowing or selling equity claims, decreasing its expenses, or increasing its income. The lender can find a borrower, a financial intermediary such as a bank, or buy notes or bonds in the bond market. The lender receives interest, the borrower pays a higher interest than the lender receives, and the financial intermediary pockets the difference.

A bank aggregates the activities of many borrowers and lenders. A bank accepts deposits from lenders, on which it pays the interest. The bank then lends these deposits to borrowers. Banks allow borrowers and lenders, of different sizes, to coordinate their activity. Banks are thus compensators of money flows in space.

A specific example of corporate finance is the sale of stock by a company to institutional investors like investment banks, who in turn generally sell it to the public. The stock gives whoever owns it part ownership in that company. If you buy one share of XYZ Inc, and they have 100 shares outstanding (held by investors), you are 1/100 owner of that company. Of course, in return for the stock, the company receives cash, which it uses to expand its business in a process called "equity financing". Equity financing mixed with the sale of bonds (or any other debt financing) is called the company's capital structure.

Finance is used by individuals (personal finance), by governments (public finance), by businesses (corporate finance), as well as by a wide variety of organizations including schools and non-profit organizations. In general, the goals of each of the above activities are achieved through the use of appropriate financial instruments, with consideration to their institutional setting.

Finance is one of the most important aspects of business management. Without proper financial planning a new enterprise is unlikely to be successful. Managing money (a liquid asset) is essential to ensure a secure future, both for the individual and an organization.