

# Management of Banking and Services

Prepared By  
N.Vani  
Assistant Professor  
Dept of Commerce and Management  
JSS College For Women  
Kollegal-571440

# Banking

- Meaning

According to Banking Regulation Act 1949-

“Banking is the business of accepting for the purpose of lending or Investing deposits of money from the Public repayable on demand or otherwise and withdraw able by cheque, Draft or otherwise”.

# Importance of Banking

Commercial banks plays a great role towards Economic development of the country

- To encourage the habit of savings in community
- Banks create credit facilities
- To Promote Foreign Trade by providing funds and payment of transfer
- Help in the allocation of funds and ensure optimum utilization of savings in the economy leading to the economic development

# Types of banks

## 1. Commercial Banks:-

-Followers of banking policies and procedures lay down by Central Bank

## 2. Central Bank:-

Apex Bank Control the entire banking system. Every country has one central bank 'The Reserve Bank of India' is the central bank of our country is

## 3. Industrial Bank:-

Provide Long term , medium tern units for modernization, expansion etc., also provide Technical and managerial guidance to industries

Eg., ICICI & IDBI

## 4. Agricultural Bank:-

Provide loan term finance to formers against the mortgage of agricultural land etc. for the tractors, installation of modern facilities, buying cattle, seeds, fertilizers etc.,

## 5. Merchant Bank:-

Provide financial services to companies like issue management, under writing consulting services Eg:- SBI Capital Market

## 6. Exchange Bank:-

Provide finance for foreign trade and dealing foreign exchange

**7. Co-operative Bank:-** Registered under co-operative society act and function on the principles of co-operation. Accept deposits from members grant loan to them at low rate of interest

**8. Foreign Bank:-**

Subsidiaries of foreign banks . Owned and managed by foreign promoters

E.g.:- City Bank, Bank of America, Standard Chartered Bank, American Express, Hong-Kong Bank

**9. Savings Banks :-**

To encourage Savings among people they can serve for future

They are operated as the part of post savings called postal saving Bank

**10. Indigenous Bank:-**

Money lenders accept the deposit and grant loan, Popular in villages and small town. They play a very important in the life of business man and common people.

**11. Mixed Bank:-**

The bank which provide Working capital and fixed capital .Both commercial and Industrial banking functions are performed by these banks. origin in European continent very progressive in west Germany and they found in Switzerland, Italy, Australia, Japan etc.,

# Functions of Commercial Banks

- Commercial Banks are more popular and prominent bank .

3 categories

- 1. primary Function
- 2. Secondary Function
- 3. Modern Function

# Primary Functions

1. Accepting deposit through various types of deposits such as savings Bank a/c, Current Bank a/c Fixed Bank, Recurring Bank a/c.
2. Lending money to customer through overdraft , cash credit, discounting of bills loans etc.,

# Secondary Functions

- Collecting cheque and bills on behalf of their customer
- Agency functions like paying insurance premium collects dividends , interest etc., Buy and sell shares, debentures
- Remittance facilities
- Issues letter of credit
- Issue letter of reference
- Facility of travellers cheque
- Locker facility

# Modern Functions

- Electronic Fund transfer system (EFT)
- Automated Teller Machines
- Credit card
- Debit card
- E -Banking
- Mobile Banking