UNIT 1
INTRODUCTION

P SUNANDA
CONTRACT LECTURER IN COMMERCE

MEANING OF BANK

A bank deals in money in the same way as a businessman deals in goods. Banks are business enterprises which deal in money, financial instruments and provide financial services for a price called interest, discount, commission etc.

The term bank has originated from the term ‘Banchi’. In olden days, the traders of Italy who performed the job of exchanging money were known as Banchi or Bancheri because the table which they used for making payment was called a Banchi.

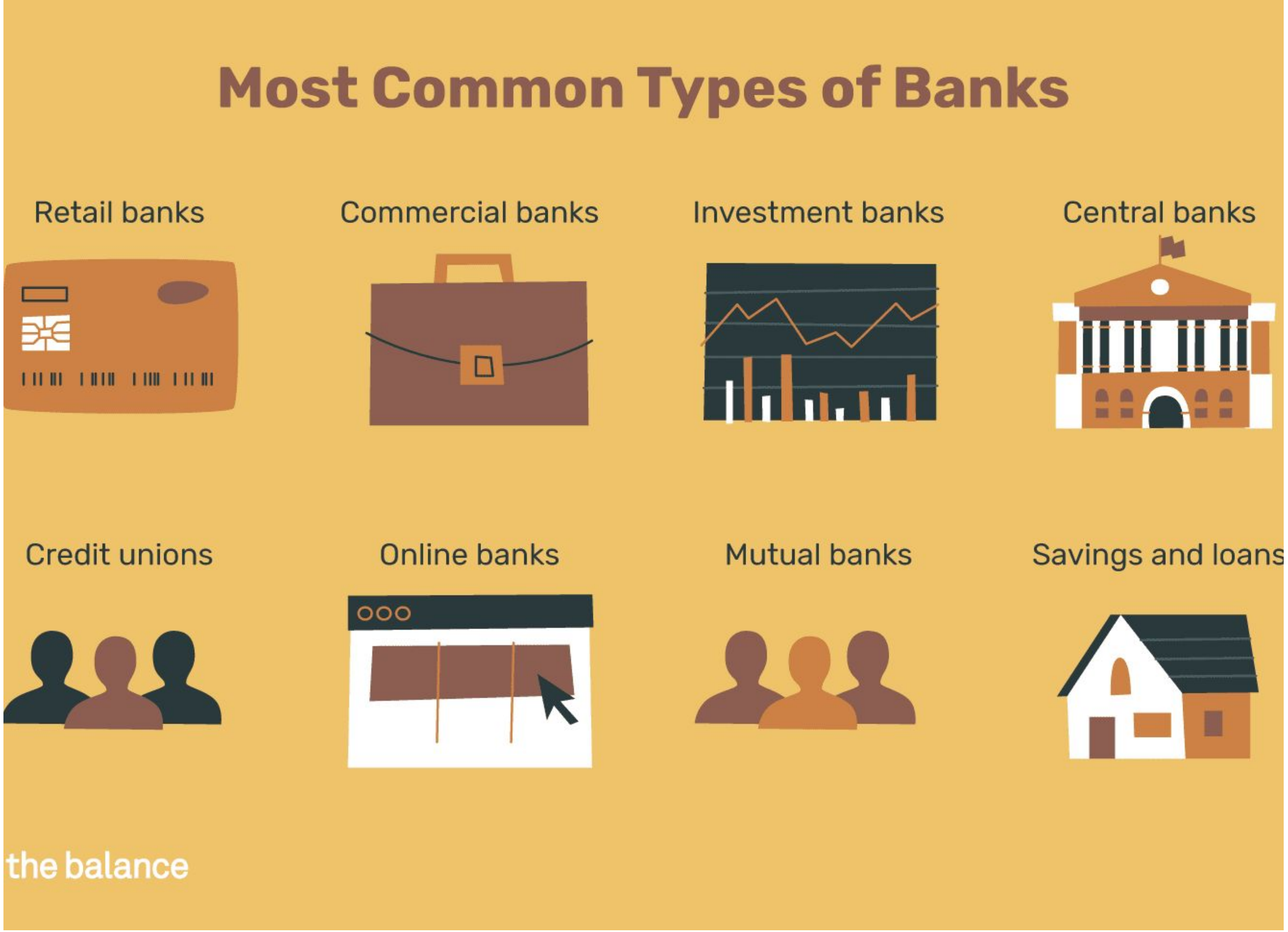
According to some people, the term bank is derived from the Greek word ‘Banque.’

DEFINITION OF BANK

“Banking is the business of accepting for the purpose of lending or investment, of deposits of money from the public repayable on demand or otherwise and withdraw-able by cheque, draft, and order or otherwise.” Indian Banking Regulation Act, 1949

“A bank is an organisation whose principal operations are concerned with the accumulation of the temporarily idle money of the general public for the purpose of advancing to others for expenditure.”-R.P. Kent

R.S. Sayers, “A bank is an institution whose whole debts are widely accepted in settlement of other people’s debt.”


Most Common Types of Banks
Retail banks
Commercial banks
Investment banks
Central banks
Credit unions
Online banks
Mutual banks
Savings and loans
the balance

TYPES OF BANKS

1. COMMERCIAL BANKS
2. INVESTMENT BANKS
3. EXCHANGE BANKS
4. COOPERATIVE BANKS
5. LAND DEVELOPMENT BANKS
6. SAVINGS BANKS
7. CENTRAL BANKS

COMMERCIAL BANKS

A **commercial bank** is a financial institution which performs the functions of accepting deposits from the general public and giving loans for investment with the aim of earning profit. In fact, **commercial banks**, as their name suggests, axe profit-seeking institutions, i.e., they do **banking** business to earn profit

INVESTMENT BANKS

An investment bank (IB) is a financial intermediary that performs a variety of services. Most Investment banks specialize in large and complex financial transactions, such as underwriting, acting as an intermediary between a securities issuer and the investing public, facilitating mergers and other corporate reorganizations and acting as a broker or financial adviser for institutional clients.

EXCHANGE BANKS

Exchange Bank is a community bank offering personal and business banking services including mortgages, home loans and lines of credit and SBA loans. When it comes to trading, LMFX is the broker you are looking for, an innovative online foreign exchange broker that offers advanced institutional and retail trading conditions to a global audience. We have thought of everything you might need, to ensure a smooth hassle-free trading experience.

COOPERATIVE BANKS

Cooperative bank is an institution established on the cooperative basis and dealing in ordinary banking business. Like other banks, the cooperative banks are founded by collecting funds through shares, accept deposits and grant loans.

LAND DEVELOPMENT BANK

A **land development bank**, abbreviated **LDB**, is a special kind of bank in India, and is of quasi-commercial type that provides services such as accepting deposits, making business loans, and offering basic investment products. The main objective of the LDB is to promote the development of land, agriculture and increase the agricultural production. The LDB provides long-term finance to members directly through its branches

SAVINGS BANK

Savings bank, financial institution that gathers savings, paying interest or dividends to savers. It channels the savings of individuals who wish to consume less than their incomes to borrowers who wish to spend more. This function is served by the savings deposit departments of commercial banks, mutual savings banks or trustee savings banks (banks without capital stock whose earnings accrue solely to the savers), savings and loan associations, credit unions, postal savings systems, and municipal savings banks. Except for the commercial banks, these institutions do not accept demand deposits. Postal savings systems and many other European savings institutions enjoy a government guarantee; savings are invested mainly in government securities and other securities guaranteed by the government.

CENTRAL BANK

A central bank is a financial institution given privileged control over the production and distribution of money and credit for a nation or a group of nations. In modern economies, the central bank is usually responsible for the formulation of monetary policy and the regulation of member banks.