

SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE

Course: FYBA COMMERCE II- Unit: I Introduction to service sector
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Define Bank.

An institution for lending, borrowing, exchanging, issuing or safeguarding money. It is a financial institution and dealer in money.

Explain various types of banks.

- ✓ Central bank-RBI
- ✓ Commercial bank-Canara Bank, State bank of India
- ✓ Industrial banks-ICICI, IDBI, IFCI
- ✓ Agricultural banks-NABARD
- ✓ Exchange banks
- ✓ Saving bank
- ✓ Rural bank
- ✓ Co-operative bank
- ✓ Foreign banks
- ✓ Scheduled banks

Explain the functions of banks.

Traditional functions

- ✓ Accepting deposits
- ✓ Lending money
- ✓ Safe deposit lockers
- ✓ Discounting of bills
- ✓ Custodian of foreign exchange
- ✓ Purchasing government security

Modern services

- ✓ Financial advisory services
- ✓ Cash management
- ✓ Wealth management
- ✓ Insurance
- ✓ Mutual funds
- ✓ Investment banking
- ✓ Debit card and credit card

Explain various types of bank accounts

- ✓ Savings
- ✓ Recurring
- ✓ Current
- ✓ NRI
- ✓ EEFC

Explain the procedure for opening a bank account

- ✓ Selection of bank
- ✓ Application in prescribed format
- ✓ KYC
- ✓ Letter of introduction
- ✓ Specimen signature
- ✓ Initial deposit
- ✓ Scrutiny of documents
- ✓ Opening an account

Discuss different types of bank loans.

- ✓ Overdraft
- ✓ Cash credit
- ✓ Term loans
- ✓ Bill discounting

Explain the procedure for obtaining bank loans.

- ✓ Opening bank account
- ✓ Application to bank
- ✓ Application of loan
- ✓ Compliance of KYC
- ✓ Scrutiny of loan application
- ✓ Communication of final decision
- ✓ Review of loan account

Technology in banking

It includes technology for banking transactions

ATM card

Debit card

Credit card

Net banking

ATM card-Automated Teller Machine-It is a machine installed by bank where a customer can withdraw cash, deposit cash and get information about their accounts 24 hours a day and 365 days in a year.

What are the advantages and limitations of ATM card?

Advantages

- ✓ Error-free transaction
- ✓ 24X7 services
- ✓ Ubiquity
- ✓ Efficient services
- ✓ No of banking transactions
- ✓ Inter-bank transfer

Limitations

- ✓ Fear of criminals
- ✓ Misuse of PIN
- ✓ Technology disorder
- ✓ Cyber crime

Debit card-A Debit card is a plastic money or a payment card used to obtain cash ,goods and services automatically debiting the payment to card-holders' bank account.

Explain the advantages and limitations of Debit card.

Advantages

- ✓ No need of carrying cash
- ✓ Withdrawal of cash
- ✓ Record of transactions
- ✓ Issued to all bank customers
- ✓ Useful for payment

Limitations

- ✓ Hidden fees
- ✓ Cyber crime

Credit card-

Plastic card issued by bank which can be called as a credit given by bank and can be used for purchasing goods and services.

What are the advantages and limitations of credit card?

Advantages

- ✓ Cashless transactions
- ✓ Credit period
- ✓ Useful for purchasing goods and services
- ✓ Universal acceptance

Limitations

- Overspending
- Misuse
- Additional charges

Internet banking-Also known as online banking and e-banking. Its use of electronic media for banking transactions.

What are the advantages and limitations of internet banking?

Advantages

- ✓ 24X7 transactions
- ✓ Economical charges
- ✓ High speed of transactions
- ✓ Saving of time and cost

Limitations

- ✓ Cyber security
- ✓ Technological disorder
- ✓ Additional fees