

## Finance Specialisation

### PRINCIPLES AND PRACTICE OF BANKING

Subject Code	: 14MBA FM301	IA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

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#### Objectives:

1. To discuss the banking system and structure in India
2. To understand the nature of banker- customer relationship.
3. To comprehend the technological up gradation and application in banking
4. To provide an understanding of asset liability management in banks

#### Module 1: ( 8 Hours)

**Banking system and structure in India-** Evolution of Indian Banks-Types of banks -Public Sector, Regional Banks, Performance of Public Sector banks, Private Sector Banks.

Commercial banking: Structure, Functions - Primary & secondary function, Role of commercial banks in socio economic development, Services rendered. Credit creation and Deployment of Funds.-Role of Reserve Bank and GOI as regulator of banking system – Provisions of Banking Regulation Act & Reserve Bank of India Act

#### Module 2: (9 Hours)

**Banker and customer** – Types of relationship between banker and customer – Bankers obligations to customers – Right of lien, setoff, appropriation–Bankers legal duty of disclosure and related matters

**Customers` accounts with banks** – Opening- operation – KYC norms and operation – Types of accounts and customers – Nomination – Settlement of death claims

#### Module 3: (7 Hours)

The Negotiable Instruments Act 1881-Features of Negotiable instruments-Important concepts and explanations under the Negotiable Instruments Act- The Paying Banker-Dishonour of cheques-Negotiation-Endorsement- The Collecting Banker-Negligence-Bills of exchange and promissory note-Discharge of Negotiable instruments-Hundis.

#### Module 4: (8 Hours)

**Banking Technology-** Concept of Universal Banking-Home banking – ATMs- Internet banking – Mobile banking- Core banking solutions – Debit, Credit, and Smart cards – Electronic Payment systems-MICR- Cheque Truncation-ECS- EFT – NEFT-RTGS

#### Module 5: (8 Hours)

**International banking** – International Banking: Exchange rates and Forex Business, Correspondent banking and NRI Accounts, Letters of Credit, Foreign currency Loans, Facilities for Exporters and Importers, Role of ECGC, RBI and EXIM Bank

#### Module 6: (7 Hours)

**Banker as lender** – Types of loans – Overdraft facilities – Discounting of bills – Financing book dates and supply bills- Charging of Security bills- pledge – mortgage – assignment.

**Module 7:****(9 Hours)**

Asset Liability Management(ALM) in banks: Components of Liabilities and Components of Assets, Significance of Asset Liability management, Purpose and objectives. Prerequisites for ALM, Assets and Liabilities Committee (ALCO)- Activities of ALCO

**Practical Components:**

1. Students can Understand Universal Banking & Cross Selling concepts adopted by banks
2. Students can Understand Customer Profiling aspects adopted by banks
3. Students can Understand Advertisement & Publicity efforts done by banks using ATMs (making a checklist of the publicity material found in an ATM – preferably in a private bank ATM)

**RECOMMENDED BOOKS:**

1. Principles and practices of Banking - IIBF, 2/e, Macmillan, New Delhi.
2. Elements of Banking & Insurance – Jyothsna Sethi & Nishwan Bhatia, PHI, 2009.
3. Bank Management - Koch W, Timothy, & S. Scott, Cengage Learning, New Delhi.
4. Management of Banking and Financial Services, Padmalatha Suresh and Justin Paul, Second edition, Pearson, 2011
5. Banking Theory and Practice, K.C. Shekhar and Lekshmy Shekhar, Vikas Publishing House, 2011
6. Modern Banking: Theory and Practice, Muraleedharan D, PHI, 2013

**REFERENCE BOOKS:**

1. Banking Theory, Law and practice - Sunderaram and Varshney, Sultan Chand & Sons, New Delhi.
2. Banking and Financial System - Prasad K, Nirmala, Chandradas J. Himalaya Publishing House, Mumbai.
3. Management of Banking and Insurance – Sondhi N. K, Vrinda Publications.
4. Banking and Insurance – Aggarwal O. P, HPH.