

# **BNK 206: Commercial Bank Operations**

*Credits: 3*

*Lecture Hours: 48*

## **Course Objectives**

This course provides an overview of the operating function and overall banking activities of bank and financial institutions. It helps to understand different risk associated in banking business.

## **Course Description**

This course contains an introduction to business of banking, risk in banking business, deposit mobilization, granting credit, cash operation, agency services, trade finance, foreign exchange service, treasury function and electronic banking services.

## **Course Details**

### **Unit 1: An Introduction to the Business of Banking**

**LH 4**

Meaning, Origin and necessity of bank and financial institutions, an overview of Nepalese financial system, Distinguish between banking and other business.

### **Unit 2: Risk in Banking Business**

**LH 5**

Meaning and nature of financial risk, Types of major risk in banking business, Credit risk, Operational risk, Market risk, Liquidity risk, For-ex risk, Country risk, Risk identification, Risk measurement and Risk mitigation.

### **Unit 3: Deposit Mobilization**

**LH 7**

Meaning and nature of bank's deposit, Types of deposit: Current, saving, Fixed call, Demand/notice Deposit product, Procedure of account opening, eligibility, Type and structure of charge, Know Your Customer, Client account maintenance, account closing, Card services: debit card, credit card, prepaid card, Deposit marketing and customer care services.

### **Unit 4: Granting Credit**

**LH 8**

Concept and nature of bank credit, Types of credit: Term loan, Revolving loan, Corporate loan, Consumer loan, Credit process, Credit appraisal, Approval, Documentation, Disbursement, Credit monitoring and supervision, Credit recovery, Credit marketing, Credit administration, Security, Valuation, Loan classification and provisioning, Non- performing loan and performing loan, Credit risk and its management.

### **Unit 5: Cash Operation**

**LH 4**

Cash management, Security of vault, Cash insurance, Cash counter, Roles and responsibilities of cashier, Clearing system, Electronic clearing, Internal and external fund transfer.

### **Unit 6: Agency Services**

**LH 3**

Fund transfer, Remittance services, Utility payment services, Advisory services, Standing order from customer.

### **Unit 7: Trade Finance**

**LH 4**

Funded/non funded, letter of credit/ guarantee, advance payment types of L/C, major parties, roles and responsibilities of different parties, essential documents, risk associates.

**Unit 8: Foreign Exchange Service.**

**LH 5**

Meaning and concept, convertible and non-convertible currency, exchange rate determination, FEDAN, composition, function and responsibilities, meaning of Nastro and Vostro accounts.

**Unit9: Treasury Function**

**LH 4**

Introduction, scope of treasury, Back office, Font office back office, Asset liability management, Roles and responsibilities of (ALCO).

**Unit 10: Electronic Banking Services**

**LH 4**

Meaning and concept of e-banking, Internet banking, Brach less banking, Tele/mobile banking, ABBS, ATM. Challenges from innovation.

**Reference Books**

Peter. S. R., *Commercial Bank management*, McGraw-Hill.

Thapa R.B and Rawal D., *Principles and practices of Nepalese Banking*, Buddha Academic Enterprises, Kathmandu, Nepal

*Commercial Bank Management*, A Harper International Student. London.

Padmalatha Suresh, Prof Justin Paul., *Management of Banking and Financial Services*, Dorling Kindersley, India.

Poudel N. P., *Financial System and Investment Environment*, Ratna Pustak Bhandar, Kathmandu.

Pradhan, R.S., *Financial Management*, Buddha Academic Enterprises, Kathmandu, Nepal