Module 1: Learning Objectives

By the end of this module, you will be able to:



- **Understand Bank Operations**

  Grasp the fundamental mechanisms and daily functions of financial institutions.

- **Identify Types of Banks**

  Distinguish between retail, commercial, investment, and central banking models.

- **Recognize Major Banking Products**

  Familiarize yourself with core offerings, including deposit accounts, lending facilities, and payment services.

- **Learn Key Terminology**

  Master the essential vocabulary and industry jargon used in professional banking environments.

- **Explore Career Paths**

  Identify potential entry-level opportunities and the skills required to launch a career in the banking sector.



Core Banking Pillars

The Banking Industry: Fundamentals

What is a Bank?

A financial intermediary that connects those with excess capital to those who need it.

Core Functions

- **Deposit Taking:** Providing a safe repository for individual and corporate funds.
- **Lending Activities:** Channeling capital into productive loans for businesses and individuals.

Why Do They Exist?

- **Capital Safety:** Protecting assets from risk.
- **Liquidity:** Ensuring funds are accessible when needed.
- **Credit Provision:** Fueling economic growth through structured lending.

How Banks Make Money

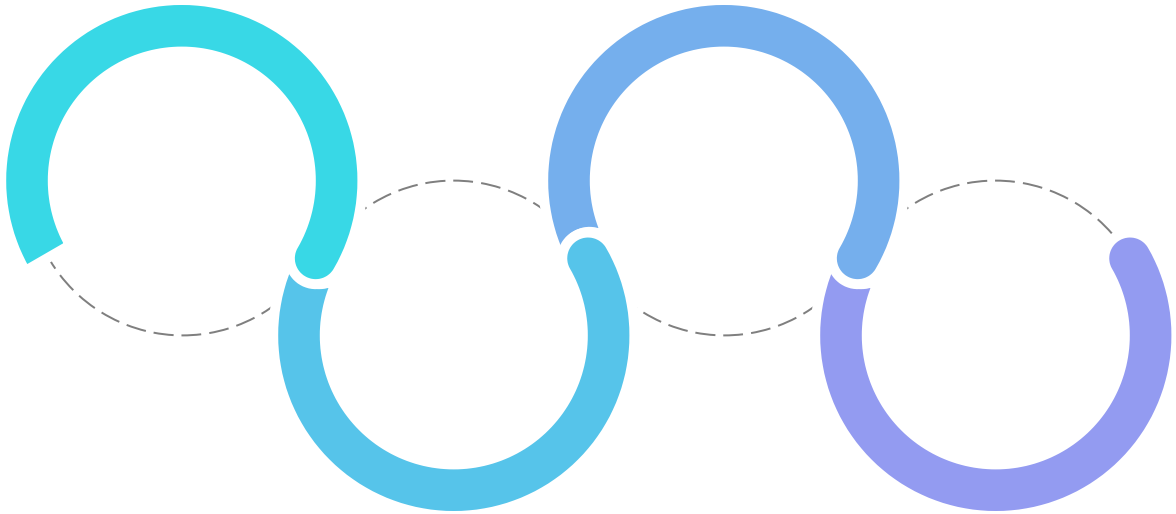
The Core Intermediation Model

Deposits (Liabilities)

Banks collect funds from customers, acting as capital custodians while paying modest interest.

Interest Income

Profitability is driven by the net interest margin—the spread between interest earned and interest paid.



Lending (Assets)

Funds are deployed as loans (mortgages, business credit) to borrowers at higher interest rates.

Risk Management

Banks capture spread value while actively balancing credit risk and liquidity requirements.

The bank acts as a financial intermediary, creating value by managing the spread between deposit costs and lending returns.

The Regulatory and Structural Framework

Overview of the RBI's role and banking classifications in India



RBI: Primary Regulator

Oversees the entire financial infrastructure of India.



RBI: Policy Maker

Formulates monetary policy, sets interest rates, and defines liquidity requirements.



RBI: Financial Stability

Ensures solvency and consumer protection across the banking system.



Public Sector Banks

Majority ownership held by the Government of India.



Private Sector Banks

Owned by private shareholders and institutional investors.



Small Finance Banks

Focused on financial inclusion for unserved and underserved segments.



Payments Banks

Specialized entities facilitating digital transactions and small-scale deposits.



NBFCs

Non-Banking Financial Companies providing credit services without full banking licenses.

Banking Products: Deposit Accounts

An overview of core liquidity and investment deposit solutions



Savings Account

Designed for everyday savings and liquidity, offering accessible funds for personal use.



Current Account

Specifically structured for high-frequency business transactions and operational fluidness.



Fixed Deposit (FD)

A secure lump-sum investment vehicle that locks capital for a fixed tenure in exchange for interest.



Recurring Deposit (RD)

A structured monthly savings plan that encourages disciplined investment over a set period.

Banking Products: Retail Lending

Comprehensive financing solutions for personal financial requirements

- **Personal Loan**

  Unsecured credit for various personal financial needs without the requirement of collateral.

- **Home Loan**

  Long-term financing solutions specifically for the acquisition or construction of residential property.

- **Vehicle Loan**

  Dedicated credit facilities for the purchase of two-wheelers and four-wheelers.

- **Education Loan**

  Specialized financing to support academic pursuits and higher education expenses.

- **Gold Loan**

  Quick credit access secured by gold assets, offering liquidity against existing collateral.

Banking Products: Payments & Cards

Efficient solutions for daily transactions and credit management



- **Debit Card**

  Provides direct access to savings and checking account funds with immediate settlement for daily transactions.

- **Credit Card**

  Offers a short-term revolving credit facility with flexible repayment and deferred payment structures.

- **Digital Utility**

  Facilitates seamless digital transactions and enhances payment convenience across diverse merchant environments.

Banking Products: Investment & Protection

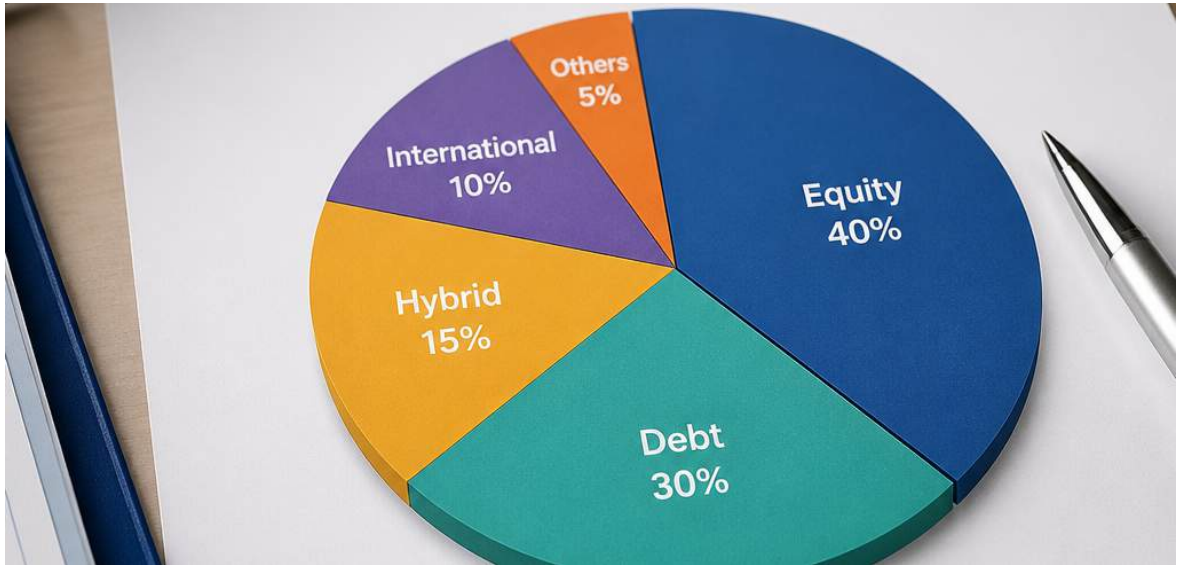
An overview of our key financial service offerings

Insurance



Focusing on risk mitigation and long-term financial stability. Designed to provide protection against unforeseen liabilities and loss.

Mutual Funds



Pooled investment vehicles that diversify capital across various asset classes. Offers investors efficient market exposure and professional portfolio management.

Basic Banking Terminology

Essential concepts for understanding financial operations



- **Interest Rate**

  The percentage charged by a lender to a borrower for the use of assets.

- **Principal**

  The initial amount of money borrowed or invested, excluding interest.

- **Liquidity**

  The ability to quickly convert an asset into cash without significant loss of value.

- **NPA (Non-Performing Assets)**

  Loans or advances that are in default or in arrears on scheduled payments.

- **KYC (Know Your Customer)**

  A mandatory process to verify client identity and assess potential risks.

- **Collateral**

  An asset or property offered by a borrower to a lender to secure a loan.

Career Paths in Banking

Entry-Level Opportunities



Relationship Manager

Fostering long-term partnerships and managing client portfolios.



Teller/Cashier

Handling primary cash transactions and ensuring daily accuracy.



Sales Officer

Driving business growth through product promotion and client acquisition.



Back-office Operations

Managing critical processes, documentation, and regulatory compliance.



Customer Support Executive

Providing frontline assistance and resolving client inquiries.