



DAFFODIL INSTITUTE OF IT (DIIT)
Bachelor of Business Administration (BBA)
First Year Second Semester
THEORY AND PRACTICE OF BANKING

Course Code: 510115 Credits Hours: 3 Full Marks: 100

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THM Program

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- 1. Overview of Banks & their Organizational Structure:** Introduction, How our economy runs? Financial system: Primitive financial system, Modern financial system, Do you know bank? Definition of bank, A brief history of bank in Bangladesh, Banking system: Branch banking, Unit banking, Chain banking, Group banking, Retail banking, Wholesale banking, Universal banking, Investment banking, Banking system in Bangladesh, Bank Vs non-bank financial institutions, Are traditional banks abolishing, Alternative Banking System in the 21st Century, Recent Banking Trends, Banking problems and prospects in case of Bangladesh, Banks and Economic development.
- 2. Commercial Banking:** Introduction, Definition of Commercial bank, Functions of Commercial bank, Services of Commercial bank, Commercial Banking principles, Different forms of loans & advances of commercial bank, credit creation process, Limitations of credit creation, Electronic banking, Services of E-banking, Balance sheet of commercial banks, Earnings assets of commercial banks, Sources of bank earnings, Sources of bank's expenses, Performance measurement of commercial bank, ROE analysis, Risk measurement for performance analysis, Sustainable growth model, A final view of banks earning assets.
- 3. Central Banking Practices:** Definition of Central Bank, Features or Nature of Central Bank, Functions of Central Bank, Principles of note issue, Checking Deposit: Practice and problem, Define Financial Deepening, Loan classification system, Define paper standard, Discuss the merits & demerits of paper standard, Monetary Economics, Discuss the monetary tools how central bank control money supply (Ms), Reserve requirement, Discuss the Various Demands for money, Commodity Money, Representative Money, Two Different Thoughts of Expectations, Function of Money.
- 4. Credit Management Policies:** Credit management: its contents & meaning, loan vs. investment, Types of bank's loan, Bank's demand deposits, Credit analysis, Approaches of credit analysis, Credit worthiness of banking, Loan structure & documentation, Perfecting claim against loan security, Types of security, Deciding the suitable security, Distressed loan, Indicators of troubled loan, Bank's response to distressed loan, Sources of credit information, loan pricing, Loan pricing techniques, Loan classification as per regulatory requirements, contents of sound lending policies.
- 5. Risk Issues in Bank Financial Intuitions:** Introducing risk, Why bank should be concerned about risk, Assets-Liability management by bank, Rate sensitive assets, Rate sensitive liabilities, Types of risk faced by bank financial institutions, Interest rate risk, Model for understanding interest rate risk, maturity model, duration model, Re-pricing model, Market risk, credit risk, Market risk, credit risk, off-balance sheet risk, technology & operating risk.

Recommended Books:

1. Tannan, M.L. (2015). *Banking Law and Practices in India*, (25th Edition). Nexis, Butterwohs,Wadhwa, Nagpur, Indian.
2. Rose, S. Peter & Hudgins, C. Sylvia (2012).*Bank Management & Financial Services*, (9th Edition),McGraw Hill Higher Education.