



DAFFODIL INSTITUTE OF INFORMATION TECHNOLOGY (DIIT)

Bachelor of Business Administration (BBA)

First Year, Second Semester

THEORY AND PRACTICE OF BANKING

Course Code: 510115

Credits Hours: 3

Full Marks: 100

Google Classroom Code: pyeu3an

Course Teacher: Md. Jahidul Islam Rony

Senior Lecturer & Coordinator

THM Program

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Academic Integrity:

Daffodil Institute of IT is committed to the highest standards of academic excellence, integrity, and honesty under the National University of Bangladesh. Students are expected to abide by these standards regarding intellectual honesty and uphold the policies of the Institute in this respect and avoid any behavior that could potentially result in suspicions of cheating, plagiarism, misrepresentation of facts, and participation in an offense. Academic dishonesty is a serious offense and can result in suspension or expulsion from the Institute.

Course Objectives:

The objective of this course is to present and discuss issues related to the operation and behavior of banks, their specific characteristics, and the special intermediation role they play in the financial system and the economy as a whole. Particular attention is given to the theories of financial intermediation and market frictions (informational asymmetries) as well as to issues concerned with bank performance and risk-taking. Emphasis is further placed on the evolution and globalization of the banking system, modern financial instruments, and the interdependence between banks and financial markets. The role of banks in the propagation of financial crises is also examined, with emphasis on the systemically important institutions, the procyclicality of the banking system, liquidity shortages, bank runs, the regulatory and supervisory policies designed to prevent crises, and the macroeconomic consequences of banking crises.

Course Outline & Lecture Schedule

01. Chapter:

Overview of Banks & their Organizational Structure

Lecture: 01

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.

Lecture: 02

Banking system: Branch banking, Unit banking, Chain banking,

Lecture: 03

Group banking, Retail banking, Wholesale banking, Universal banking, Investment banking

- Lecture: 04 Banking system in Bangladesh, Bank Vs. non-bank financial institutions
- Lecture: 05 Are traditional banks abolishing, Alternative Banking System in the 21st Century.
- Lecture: 06 Recent Banking Trends, Banking problems and prospects in case of Bangladesh, Banks and Economic development.

02. Chapter:

Commercial Banking

- Lecture: 07 Introduction, Definition of Commercial bank, Functions of Commercial bank, Services of Commercial bank, Commercial Banking principles.
- Lecture: 08 Different forms of loans & advances of commercial bank, credit creation process, Limitations of credit creation,
- Lecture: 09 Electronic banking, Services of E-banking, Balance sheet of commercial banks.
- Lecture: 10 Earnings assets of commercial banks, Sources of bank earnings, Sources of bank's expenses.
- Lecture: 11 Performance measurement of commercial bank, ROE analysis.
- Lecture: 12 Risk measurements for performances analysis, Sustainable growth model, A final view of banks earning assets.

03. Chapter:

Central Banking Practices

- Lecture: 13 Definition of Central Bank, Features or Nature of Central Bank, Functions of Central Bank, Principles of note issue.
- Lecture: 14 Checking Deposit: Practice and problem, Define Financial Deepening, Loan classification system.
- Lecture: 15 Define paper standard, Discuss the merits & demerits of paper standard.
- Lecture: 16 Monetary Economics, Discuss the monetary tools how central bank control money supply (Ms), Reserve requirement.
- Lecture: 17 Discuss Demands for money, Commodity Money, Representative Money.
- Lecture: 18 Two Different, Thoughts of Expectations, Function of Money.

04. Chapter:

Credit Management Policies

- Lecture: 19 Credit management: its contents & meaning, loan vs. investment, Types of bank's loan, Bank's demand deposits
- Lecture: 20 Credit analysis, Approaches of credit analysis, Credit worthiness of banking, Loan structure & documentation.
- Lecture: 21 Perfecting claim against loan security, Types of security, Deciding the suitable security.
- Lecture: 22 Distressed loan, Indicators of troubled loan, Bank's response to distressed loan.
- Lecture: 23 Sources of credit information, loan pricing, Loan pricing techniques,
- Lecture: 24 Loan classification as per regulatory requirements, contents of sound lending policies.

05. Chapter:

Risk Issues in Bank Financial Intuitions

- Lecture: 25 Introducing risk, Why bank should be concerned about risk.
- Lecture: 26 Assets-Liability management by bank, Rate sensitive assets, Rate sensitive liabilities.

Lecture: 27	Types of risk faced by bank financial institutions, Interest rate risk.
Lecture: 28	Model for understanding interest rate risk, maturity model, duration model, Re-pricing model.
Lecture: 29	Market risk, credit risk, Market risk, credit risk, off-balance sheet risk, technology & operating risk.

Recommended Book:

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.

Reference Book:

1. Theory and Practice of banking (2nd Semester). Renaissance Book Depot
2. Shekhar, K. C., & Lekshmy, S. (2005). *Banking theory and practice*. Vikas Publishing House.
<https://books.google.com.bd/books?id=v0aNDAAAQBAJ&lpg=PA1&ots=H5YoKDcWh2&dq=objectives%20of%20theory%20and%20practice%20of%20banking&lr&pg=PP1#v=onepage&q=objectives%20of%20theory%20and%20practice%20of%20banking&f=false>

Participants Guideline:

- Quiz will be held after completing each chapter.
- Assignment has to submit on selected topic(s) within the agreed deadline.
- Presentation will be taken on the selected topic(s).
- Mid-Term Exam will be held after conducting 14 classes & Internal Final Exam after conducting 30 classes.

NB. The above guidelines may be changed subject to the announcement of the course teacher, the National University, and the authority of DIIT.