

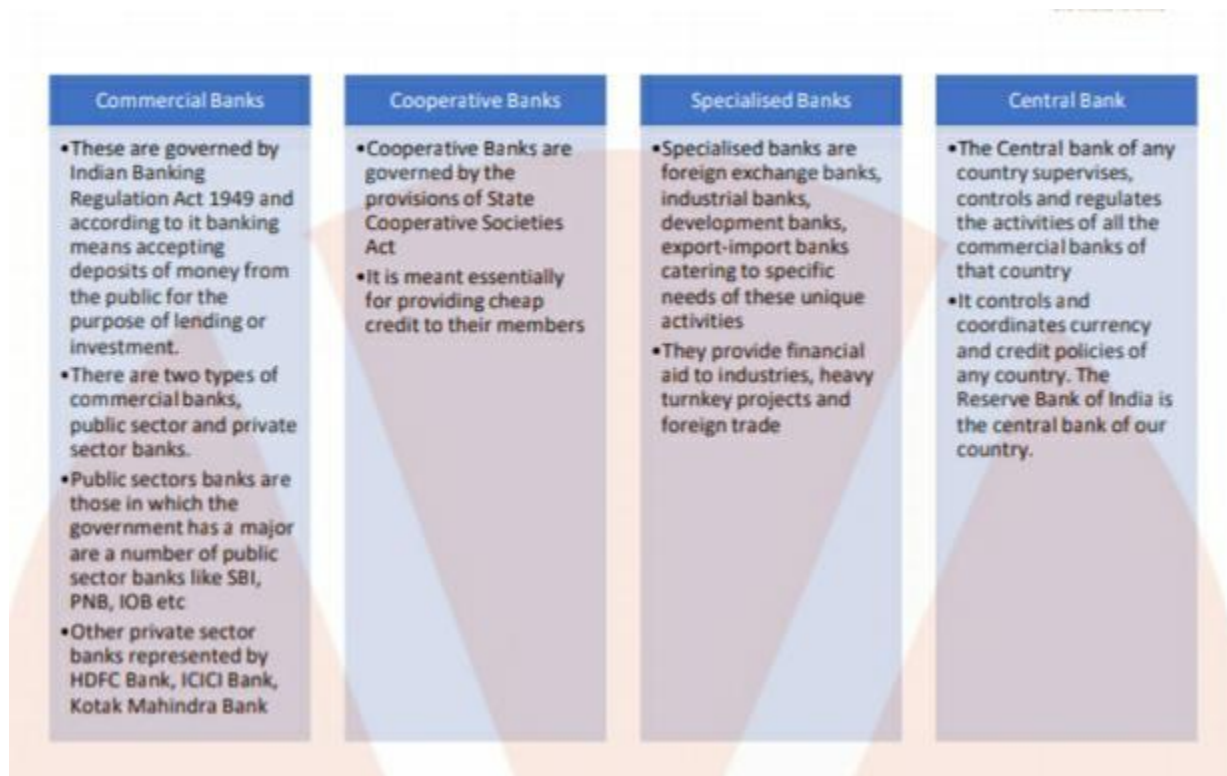
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Types of Banks



Acceptance of deposit

- Deposits are the basis of the loan operations since banks are both borrowers and lenders of money. As borrowers they pay interest and as lenders they grant loans and get interest.
- These deposits are generally taken through current account, savings account and fixed deposits.
- Current account deposits can be withdrawn to the extent of the balance at any time without any prior notice

- Fixed accounts are time deposits with higher rate of interest as compared to the savings accounts.
- A premature withdrawal is permissible with a percentage of interest being forfeited Cheque Facility
- The cheque is the most developed credit instrument, a unique feature and function of banks for the withdrawal of deposits. It is the most convenient and an inexpensive medium of exchange.
- There are two types of cheques:
 - bearer cheques, which are encashable immediately at bank counters and
 - crossed cheques which are to be deposited only in the payees account
- Provide loans and advances out of the money received through deposits.
- These advances can be made in the form of overdrafts, cash credits, discounting trade bills, term loans, consumer credits and other miscellaneous advances.
- Remittance of Funds
 - Provides the facility of fund transfer from one place to another, on account of the interconnectivity of branches.
 - The transfer of funds is administered by using bank drafts, pay orders or mail transfers, on nominal commission charges.
 - Allied Services
 - Such as bill payments, locker facilities, underwriting services
 - They also perform other services like buying and selling of shares and debentures on instructions and other personal services