

Department of Financial

The bank

A **bank** is a financial institution that accepts deposits from the public and creates credit.^[1] Lending activities can be performed either directly or indirectly through capital markets. Due to their importance in the financial system and influence on national economies, banks are highly regulated in most countries. Most nations have institutionalized a system known as fractional reserve banking under which banks hold liquid assets equal to only a portion of their current liabilities. In addition to other regulations intended to ensure liquidity, banks are generally subject to minimum capital requirements based on an international set of capital standards, known as the Basel Accords.

Types of banks

- **Commercial banks**: the term used for a normal bank to distinguish it from an investment bank. After the Great Depression, the U.S. Congress required that banks only engage in banking activities, whereas investment banks were limited to capital market activities. Since the two no longer have to be under separate ownership, some use the term "commercial bank" to refer to a bank or a division of a bank that mostly deals with deposits and loans from corporations or large businesses.
- **Community banks**: locally operated financial institutions that empower employees to make local decisions to serve their customers and the partners.
- **Community development banks**: regulated banks that provide financial services and credit to under-served markets or populations.
- **Land development banks**: The special banks providing long-term loans are called land development banks (LDB). The history of LDB is quite old. The first LDB was started at Jhang in Punjab in 1920. The main objective of the LDBs are to promote the development of land, agriculture and increase the agricultural production. The LDBs provide long-term finance to members directly through their branches.^[22]
- **Private banks**: banks that manage the assets of high-net-worth individuals. Historically a minimum of USD 1 million was required to open an account, however, over the last years many private banks have lowered their entry hurdles to USD 350,000 for private investors.
- **Ethical banks**: banks that prioritize the transparency of all operations and make only what they consider to be socially responsible investments.
- A **direct or internet-only bank** is a banking operation without any physical bank branches, conceived and implemented wholly with networked computers.

Other types of banks

- **Central banks** are normally government-owned and charged with quasi-regulatory responsibilities, such as supervising commercial banks, or controlling the cash interest rate. They generally provide liquidity to the banking system and act as the lender of last resort in event of a crisis.

- **Islamic banks** adhere to the concepts of Islamic law. This form of banking revolves around several well-established principles based on Islamic canons. All banking activities must avoid interest, a concept that is forbidden in Islam. Instead, the bank earns profit (markup) and fees on the financing facilities that it extends to customers.

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Business finance

A Capital

When people want to **set up** or start a company, they need money, called **capital**. Companies can **borrow** this money, called a **loan**, from banks. The loan must be paid back with **interest**: the amount paid to borrow the money. Capital can also come from issuing **shares** or **equities** – certificates representing units of ownership of a company. (See Unit 29) The people who **invest** money in shares are called **shareholders** and they own part of the company. The money they provide is known as **share capital**. Individuals and financial institutions, called **investors**, can also lend money to companies by buying **bonds** – loans that pay interest and are repaid at a fixed future date. (See Unit 33)

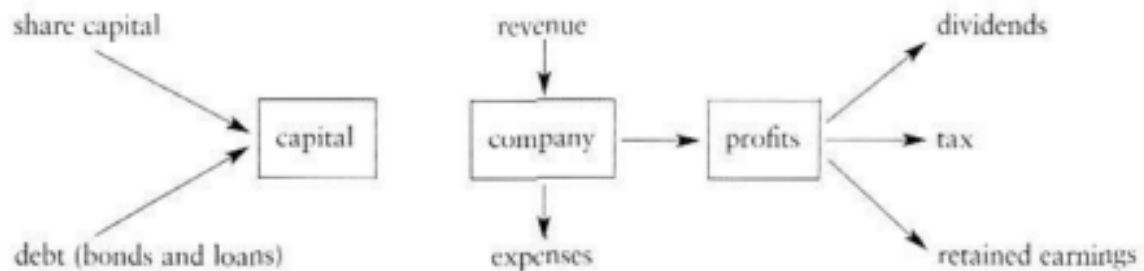
Money that is owed – that will have to be paid – to other people or businesses is a **debt**. In accounting, companies' debts are usually called **liabilities**. Long-term liabilities include bonds; short-term liabilities include debts to suppliers who provide goods or services on **credit** – that will be paid for later.

The money that a business uses for everyday expenses or has available for spending is called **working capital** or **funds**.

BrE: shares; AmE: stocks
BrE: shareholder; AmE: stockholder

B Revenue

All the money coming into a company during a given period is **revenue**. Revenue minus the cost of sales and operating **expenses**, such as rent and salaries, is known as **profit**, **earnings** or **net income**. The part of its profit that a company pays to its shareholders is a **dividend**. Companies pay a proportion of their profits to the government as **tax**, to finance government spending. They also **retain**, or keep, some of their earnings for future use.



C Financial statements

Companies give information about their financial situation in **financial statements**. The **balance sheet** shows the company's **assets** – the things it owns; its **liabilities** – the money it owes; and its capital. The **profit and loss account** shows the company's revenues and expenses during a particular period, such as three months or a year.

BrE: profit and loss account; AmE: income statement

Unversity of Mohmed Boudiaf-M'sila

Deparment of Financial :Third Year (Banks and Insurance) 2016-2017 (N= 4)Miss :Zitouni

Backing List	قائمة تعبئة
Back-office	مكتب العمليات المساندة (مكتب المساندة)
Bad debt	دين هالك / دين معدوم / دين متعثر
Bad debt, doubtful loan, default loan	دين رديء، قرض مشكوك فيه، قرض متعثر
Bad will	سمعة/ شهرة سيئة
Baggage insurance	تأمين على الأمتعة
Balance an account (to)	رصيد حساب (ل)
Balance on account	رصيد على الحساب
Balance sheet	ميزانية عمومية
Balance sheet	الميزانية العمومية
Balance sheet account	حساب ميزانية عمومية
Balance sheet ratio	نسبة ميزانية عمومية
Balanced accounts	حسابات متوازنة
Balancing subsidy	إعانة مالية موازنة (لتغطية العجز)
Bank and investment income	دخل من الاستثمار والودائع المصرفية
Bank book	دفتر المصرف
Bank charges, bank commissions and fees	عمولة بنكية، / رسوم وعمولات مصرفية/بنكية
Bank current account	حساب بنك/ مصرفي جاري
Bank interest	فائدة بنكية/ مصرفية
Bank rate	نسبة بنكية/ مصرفية
Bank Rate	معدل الفائدة المصرفية

