

Subject : Business studies
Topic : Bank services
Class : JSS2 A&B
Week : Week 5

Definition of Bank : A bank is an establishment authorized by a government to accept Deposits, pay interest, issue and clear cheques, make loans, act as an intermediary in financial transactions, and provide other financial services to its customs. Bank is a financial institutions that creates credit by lending money to borrower thereby creating a corresponding Deposits on the bank's balance sheet.

Services of Commercial Banks : There are lots of services performed by banks such as the following ;

1. **Opening of Current or Chequing account :** This is an open account from which cash can be withdrawn frequently. Whether the account is owned by an individual or firm, money deposited in the account is intended to meet the immediate needs of the account owner.

The account owner or owners of current can only withdrew their money through cheque that is why it is called chequing account. The account owner or owners can issue a cheque to another person on the money in the account.

2. **Accepting of Deposits :** The bank accepts Deposits into a current account by means of a special form called a Deposit slip prepared for this purpose. The account owner fills the slip, stating the amount of the cheque, cash, money order or postal order to be Deposited. The owner of the account does not have to Deposit the money himself or herself, it can be done by another person.

3. **Withdrawal of money :** With the means of a cheque, bank withdrawal slip or ATM money can be withdrawn from the account by the owner of the account or an authorized person. A cheque can be issued in two ways, open or crossed. When a cheque is open, it can be presented at the counter for payment to anyone who bear the name on the cheque. When it is crossed, it means the money will be transferred to the cheque bearers name bank account.

4. **Opening of Fixed Deposit Account :** This a special form of account where money not immediately needed is kept away for a specified period of time. Deposit accounts are opened by individuals and companies with excess cash that won't be touch for period of time because it attracts higher interest rate than savings account.

5. **Opening of Savings Account :** Is similar to the Deposit Account. The significant difference between them is that smaller sums of money ate kept for unspecified periods of time in savings account. Big Depositors prefer the Deposit Account to savings account because of huge interest rate.

6. **Giving of Overdraft :** This is the agreement that the bank reached with their customers that allows them to access an amount of money beyond their account savings.

7. **Issuing of Traveller' Cheques :** It is the function of the commercial banks to issue this cheque. Traveller's cheque is a bank document issued by banks and it is acceptable internationally as an exchange for cash.

8. **Safeguarding of Valuables :** Banks helps to safeguards our valuables like gold, diamonds certificates etc.

Online Banking : Online banking is the process of accessing ones bank account and carrying out financial transactions through the internet on your smartphone, tablet or computer. It's quick, usually free and allows you to do tasks, such as paying bills and transferring money, without having to visit or call your bank.

Features of Online Banking Services

1. Viewing of account balance
2. Viewing recent transactions
3. Downloading bank statements
4. Viewing images of paid cheques
5. Ordering cheque books
6. Fund transfer

7. Downloading periodic account statements
8. Paying third parties including bill payments.

Automated Teller Machine (ATM) : This is also known as automated banking machine, cash machine or cash point. It is a computerised telecommunications equipment that enables persons who owns an account in the bank to withdraw money or do other financial transactions without the need of a cashier or bank teller. This transactions goes with ATM plastic card with a magnetic strip and chip that contains unique card number and other security information of the account owner. Every ATM card has A Personal Identification Number (PIN) this must be keyed in before any transaction will be valid or uphold. With ATM a customer can

1. Make cash withdrawals
2. Check account balance
3. Pay utility bills
4. Make cash transfers etc.

Ethical Issues in Banking :

from the bank image Ethics is defined as a general idea or belief that influences people's behaviour and attitude. Also, it is the "study of general nature or morals and of specific moral choices, more philosophy and the ruled of standard governing the conduct of the members of a profession"

From the above definition of ethics, we can say that ethics is the fundamental ways of people's conduct that concern the determination of right or wrong. That is, ethics has to do with knowing what is good and doing it.

Banking code is necessary to improve the quality of banking services and make best use of available resources. Now that banks are competing to achieve the same objective, profit maximization, bank code is needed to prevent unfair competition between banks. A code of ethics is necessary to regulate a banks relationship with other banks, institutions and with its customers and employees, customer and other banks.

Some general principles of ethics that should be considered in banking service are as follows :

1. **INTEGRITY** : When performing their duties, banks should be honest in their relationship with their customers, employers, shareholders other groups Institution and corporations.
2. **HONESTY** : Banker must be sincere and truthful, he must honour agreement reached with the customers on whatever interest charges on loans and advance granted.
3. **TRANSPARENCY**: Bank customer should be informed of any right and obligations, benefits and risks of the services or product offered and the procedure followed. Services charged and other charges should be disclosed to the customer.
4. **MORAL RESPONSIBILITY**: In banking profession, a moral responsibility is to be maintained, moral responsibility is the principles of right and wrong behavior that is expected from a person. Customers deposit their valuable properties and money with the bank because they believe that the bank has a strong safe anf expertise on keeping other people's valuables and always ready to return such valuables on demand.
5. **FAIRNESS** : Bank employees and customers should be treated equally.

Assignments

1. Write out the procedures involve in withdrawal of money through the ATM (either using it through ATM machine or POS device).
2. What is an overdraft?