



Banks

- **Functions of Banks**
- **Depositing and Withdrawing Money by Customers**

For most of us, the important and best-known financial institution is our local bank. Probably our bank is a commercial bank, meaning that the bank is involved in trade, and what it trades in is money and other financial services. It carries out this trade for a profit, just as any business does.

Banks carry out a variety of functions. For its customers it operates saving and checking accounts; it offers loans; it changes money. With the familiar savings account, the customer can save money and earn interest. The customer deposits and withdraws money, and his deposits and withdrawals along with his interest earnings and the balance (the total of deposits minus withdrawals) are recorded in a passbook.

A checking account is a service that usually makes our lives a little easier. The bank holds our money and we pay our bills with our checks by drawing on our accounts. The checks come back to our bank through a clearinghouse and our accounts are charged for the checks we have written. At the end of each month we receive a statement which summarizes our transactions. Although checking accounts are very helpful, we can sometimes make problems for ourselves by bouncing a check. The check bounces back to us like a ball (a check that bounces is called a rubber check). It is marked insufficient funds, meaning we do not have enough money in our account to cover the check; we have overdrawn our account.

Banks usually have a service charge for maintaining our checking accounts, although some bank do not charge us if we keep a minimum balance in our account. So for example, if the minimum is 500 \$ and our balance never goes below 500 \$, we do not pay a service charge.

In addition to operating accounts, banks also loan money and charge interest on the loans. Although banks always try to keep a certain amount of money in reserve to cover withdrawals, they invest a large part of the money they are holding to earn more money. They also offer other services for a fee, such as storing valuables for people in safe deposit boxes inside the bank's vault and changing currencies.

In short, banks provide services and use our money to make money.



University of Blida 02 Lounici Ali
Faculty of Economics, Business and Management Sciences
Department of Finance and Accounting



Part 1: Vocabulary

Word in English	Arabic Explanation	Word in English	Arabic Explanation
Depositing	إيداع	a service charge	رسوم الخدمة
Withdrawing Money	سحب الأموال	keep a minimum balance in account	الإحتفاظ برصيد أدنى في الحساب
financial institution	مؤسسة مالية	Banks loan money	البنوك تقرض أموال
commercial bank	البنك التجاري	charge interest on the loans	تفرض فائدة على القروض
savings account	حساب التوفير	reserve	احتياطي
checking account	الحساب الجاري	to cover withdrawals	لتغطية عمليات السحب
Payment of bills	دفع فواتير	holding money	الإحتفاظ بالمال
clearinghouse	غرفة مقاصة	storing valuables	تخزين الأشياء الثمينة
bouncing a check	رد الشيك	safe deposit boxes	صناديق ودائع أمانة
rubber check	شيك مطايطي	changing currencies	تغيير العملات
passbook	دفتر الحسابات	overdrawn account	حساب مكشوف

Part 02: Introduction to banks

1. Definition of Bank

The bank is a financial institution which deals with cash in-flows, outflows, credits etc. It lends money to the needy, accepts the deposits, acts as intermediary between the lenders and the borrowers. They will not only deal with money but are also the producers of the money.

2. Objectives of Bank:

- To establish as an institution for maximizing profits and to conduct overall economic activities.
- To collect savings or idle money from the public at a lower rate of interests and lend these public money at a higher rate of interests.
- To create propensity of savings amongst the people.
- To motivate people for investing money with a view to bringing solvency in them.
- To create money against money as an alternative for enhancing supply of money.
- To build up capital through savings.
- To expedite investments.
- To extend services to the customers.
- To maintain economic stability by means of controlling money market.



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- To extend co-operation and advices to the Govt. on economic issues.
- To assist the Govt. for trade& business and socio-economic development.
- To issue and control notes and currency as a central bank.
- To maintain and control exchange rates as a central bank.