**Lecture one**

**Banks and finance**

**Objectives:** by the end of the lesson, students should be able to:

-know what is a bnak

-different services of a bank.

-kinds of banks.

**Introduction**

You know people earn money to meet their day-to-day expenses on food, clothing, education of children, housing, etc. They also need money to meet future expenses on marriage, higher education Business Studies of children, house building and other social functions. These are heavy expenses, which can be met if some money is saved out of the present income. Saving of money is also necessary for old age and ill health when it may not be possible for people to work and earn their living. The necessity of saving money was felt by people even in olden days. They used to hoard money in their homes. With this practice, savings were available for use whenever needed, but it also involved the risk of loss by theft, robbery and other accidents. Thus, people were in need of a place where money could be saved safely and would be available when required.

**1-What is a bank/services of a bank**

Banks are such places where people can deposit their savings with the assurance that they will be able to withdraw money from the deposits whenever required. People who wish to borrow money for business and other purposes can also get loans from the banks at reasonable rate of interest.

Bank is a lawful organisation, which accepts deposits that can be withdrawn on

demand. It also lends money to individuals and business houses that need it.

Banks also render many other useful services – like collection of bills, payment of foreign bills, safe-keeping of jewellery and other valuable items, certifying the credit-worthiness of business, and so on. Banks accept deposits from the general public as well as from the business community. Anyone who saves money for future can deposit his savings in a bank. Businessmen have income from sales out of which they have to make payment for expenses. They can keep their earnings from sales safely deposited in banks to meet their expenses from time to time. Banks give two assurances to the depositors .

a. Safety of deposit, and

b. Withdrawal of deposit, whenever needed.

2--**Banks ‘activities**

On deposits, banks give interest, which adds to the original amount of deposit. It is a great incentive to the depositor. It promotes saving habits among the public. On the basis of deposits banks also grant loans and advances to farmers, traders and businessmen for productive purposes. Thereby banks contribute to the economic development of the country and well being of the people in general. Banks also charge interest on loans. The rate of interest is generally higher than the rate of interest allowed on deposits. Banks also charge fees for the various other services, which they render to the business community and public in general. Interest received on loans and fees charged for services which exceed the interest allowed on deposits are the main sources of income for banks from which they meet their administrative expenses.

The activities carried on by banks are called banking activity. ‘Banking’ as an activity involves acceptance of deposits and lending or investment of money. It facilitates business activities by providing money and certain services that help in exchange of goods and services. Therefore, banking is an important auxiliary to trade. It not only provides money for the production of goods and services but also facilitates their exchange between the buyer and seller. You may be aware that there are laws which regulate the banking activities in our country. Depositing money in banks and borrowing from banks are legal transactions. Banks are also under the control of government. Hence they enjoy the trust and confidence of people. Also banks depend a great deal on public confidence. Without public confidence banks cannot survive.

**3-- Distinction between banks and moneylenders**

You may be thinking that a bank is like a moneylender who provides funds to borrowers and

charges interest on the loan. But it is not so. A bank is quite different from a moneylender. A

bank performs two main functions. Firstly, it accepts deposits, and on that basis it lends money. The moneylenders, on the other hand, advance money out of their own private wealth and usually do not accept deposits from others. The following table shows the distinction between a bank and moneylender.

**Basis Banks Moneylenders**

1. Entity Bank are organised institutions. Moneylenders are individuals.

2. Activity Banking activities Activities of moneylender

 include acceptance may not include

 of deposits as well as acceptance of deposits.

 lending of money.

3. Clients Banks meet the needs Moneylenders meet

 of people in general the needs

 and the business of agriculturists and

 community in particular. poor people.

4. Security Banks accept tangible Moneylenders generally

 and personal security accept gold, jewellery

 against loans. or land as security

 for giving loan.

5. Process of The process of The process of

Recovery of recovery is recovery is

loans. flexible. rigid and strict.

6. Interest Rate Interest charged by Rate of Interest

 banks on loan is is decided by the moneylender

 governed by RBI. and is normally very high.

**4--Role of Banking**

Banks provide funds for business as well as personal needs of individuals. They play a significant role in the economy of a nation. Let us know about the role of banking.

It encourages savings habit amongst people and thereby makes funds available for productive use.

It acts as an intermediary between people having surplus money and those requiring money

for various business activities.

It facilitates business transactions through receipts and payments by cheques instead of currency.

It provides loans and advances to businessmen for short term and long-term purposes.

It also facilitates import export transactions.

It helps in national development by providing credit to farmers, small-scale industries and

self-employed people as well as to large business houses which lead to balanced economic

development in the country.

It helps in raising the standard of living of people in general by providing loans for purchase

of consumer durable goods, houses, automobiles, etc.

**-Activities an banking**

Match the definition on the left with the **letter** of the term on the right:

**a** - statement
**b** - overdraft
**c** - variable (adj.)
**d** - credit rating
**e** - funds
**f** - debit card
**g** - authorize (v.)
**h** - fees (n.pl)
**i** - PIN number
**j** - direct deposit

Haut du formulaire

1. an estimate of how trustworthy a person is in fulfilling his/her financial commitments, often based on his/her financial history -> 

2. a secret code --> 

3. when you take out more money than is available in your account, sending the account into a "negative balance" --> 

4. a card which allows someone to access the money in his/her account immediately (electronically) --> 

5. money --> 

6. a method of payment which electronically deposits money into your checking or savings account --> 

7. to approve --> 

8. a list of all the activity (transactions) in a bank account, usually sent out per month -->

9. charges (n.pl.) --> 

10. something that changes over time --> 

***Activity two***

***Choose the most suitable word or phrase underlined in each sentence:***

a. I haven’t got enough money, I’m afraid. Could you **borrow**/**lend** me some?

b. It’s a good school, but the **fares**/**fees** are rather high.

c. This car is too expensive. We can’t **afford**/**pay** it.

d. It was a very good meal. Can we have **the account**/**bill** please?

e. There’s a small flat **to hire**/**let** in Bridge Street.

f. How much do you **earn**/**gain** in your new job?

g. She’s a good dentist, but she doesn’t **charge**/**spend** too much.

h. I bought this coat in the sales. It was **decreased**/**reduced** a lot.

i. Jack made his **fortune**/**treasure** buying and selling property.

j. How much do you **reckon**/**value** that house would cost?

Bas du formulaire

**Lecture two**

**Objectives:**

**By the end of this lesson my students should be able to:**

**-to know what is money.**

**-use of money**

**-what does money serve for**

**What is money**

**mon·eys** or **mon·ies**

**1.**A medium that can be exchanged for goods and services and is used as a measure of their values on the market, including among its forms a commodity such as gold, an officially issued coin or note, or a deposit in a checking account or other readily liquefiable account.

**2.**The official currency, coins, and negotiable paper notes issued by a government.

**3.**Assets and property considered in terms of monetary value; wealth.

In short, money can be anything that can serve as a

• store of value, which means people can save it and use it later—smoothing their purchases over time;

• unit of account, that is, provide a common base for prices; or

• medium of exchange, something that people can use to buy and sell from one another.

Perhaps the easiest way to think about the role of money is to consider what would change if we did not have it.

If there were no money, we would be reduced to a barter economy. Every item

someone wanted to purchase would have to be exchanged for something that person could provide. For example, a person who specialized in fixing cars and needed to trade for food would have to find a farmer with a broken car. But what if the farmer did not have anything that needed to be fixed? Or what if a farmer could only give the mechanic more eggs than the mechanic could reasonably use? Having to find specific people to trade with makes it very difficult to specialize. People might starve before they were able to find the right person with whom to barter.

But with money, you don’t need to find a particular person. You just need a market in which to sell your goods or services. In that market, you don’t barter for individual goods. Instead you exchange your goods or services for a common medium of exchange—that is, money. You can then use that money to buy what you need from others who also accept the same medium of exchange. As people become more specialized, it is easier to produce more, which leads to more demand for transactions and, hence, more demand for money.

## Medium of Exchange

An object becomes a medium of exchange when it is consistently used as an intermediary to trade goods or services. This can be seen by the phrase on all American dollar bills, "This note is legal tender for all debts, public and private." In the absence of money, there would be a barter system, which is strictly the exchange of goods or services for othe

goods or services. Currency takes the place of a barter system and allows for simpler exchanges.

## Value of Money

In economics, money must be a unit of account. An object is a unit of account when it is used to value other goods or debts. In this instance, money acts as an object to value other objects. For instance, if a horse became a unit of account, than it would be used to value other objects, such as five goats equal one horse. Although factors within economics (such as supply and demand) cause the value of money (and therefore objects) to fluctuate, those objects retain a worth based upon monetary values.

## Store of Worth (value)

Money must also have the ability to maintain its value even when stored. For instance, a token that is good for a ride on a ferry can be stored and will continue to maintain a value for one ferry ride; however, if the ferry no longer exists, the token will no longer have any value. Money can be stored for long periods of time and still have its original value.

**Lecture three**

**Objectives:** by the end of this lesson, students should be able to:

-know the characteristics of money.

-What does each characteristic refer to and mean .

**Introduction**

**The characteristics of money**

The characteristics of money can be divided into six different categories: Durability, portability, divisibility, uniformity, limited supply, and acceptability. With the ongoing fraudulent issues associated with counterfeit money, it is important to be familiar with these categories.

1-***Acceptability***: In terms of a form of currency being accepted within society, money must be accepted by everyone in the economy. This acceptance is for the purpose of the exchange of money for goods and different types of services.

2-***Divisibility***: This relates to money being easily divided into smaller denominations for transactional purposes. People will only need as much money as is necessary for their purchases, therefore it is necessary for money to be easily broken down for different types of transactions.

3***-Durability***: This simply refers to the physical wear and use of money over a period of time. If some money is easily destroyed or damaged it is likely that it is fraudulent and therefore cannot be trusted.  Yet, money is made from a paper source, so some wear and tear must be expected.

4***-Limited supply***: In order for money to retain its worth, there must be a type of limited supply. The more money that is in circulation the less it is valued by the economy.

5-***Portability***: Quite simply it is necessary for money to be easily transported so that people can carry it around with them on a daily basis. This also allows for the ease of transaction so that money can be transferred from one place to another.

6-***Uniformity***: Depending on the different types of currency that are available, money within that specific currency must look the same. This also allows for money to be counted and measured accurately.

**-Activities**

**Fill the gaps with the correct form of a verb with the opposite meaning of the one in brackets. Choose from this list. The first one has been done for you.**

Simplify rise borrow spend withdraw refuse

 Receive encourage distrust reduce prefer agree.

She went to the bank to………. some money. [deposit]

**2** He……….. £100,000 from the bank. [lend]

**3** Interest rates by 1% last week. [fallL]

**4** The bank has decided to its charges. [increase]

**5** She decided to………. all her money. [save]

**6** High interest rates usually…………. small investors. [discourage]

**7** Electronic banking has…………. banking transactions. [complicate]

**8** Most experts that the stock market will rise again soon. disagree]

**9** The bank manager her request for a loan. [accept]

**10** Many customers internet banking. [trust]

**11** Customers usually a bank statement every month. [send]

**12** Most customers a personal interview with their bank manager. dislike].

**Lecture four**

**Objectives:** students should be able to master some financial and banking terms and know how to translate them into Arabic

**Bank terms**

**Banking**

1 **balance *n.*** the difference between credits and debits in an account

2 **bank charges *n.*** money paid to a bank for the bank’s services etc

3 **branch *n.*** local office or bureau of a bank

4 **checkbookUS *n.*** book containing detachable checks; chequebookUK

5 **checkUS *n.*** written order to a bank to pay the stated sum from one’s account; chequeUK

6 **credit *n.*** money in a bank a/c; sum added to a bank a/c; money lent by a bank - *also*

***v.***

7 **credit card *n.*** (plastic) card from a bank authorising the purchasing of goods on credit

8 **current account *n.*** bank a/c from which money may be drawn at any time; checking accountUS

9 **debit *n.*** a sum deducted from a bank account, as for a cheque - *also* ***v.***

10 **deposit account *n.*** bank a/c on which interest is paid; savings accountUS

11 **fill inUK *v.*** to add written information to a document to make it complete; to fill outUS

12 **interest *n.*** money paid for the use of money lent - **interest rate *n.***

13 **loan *n.*** money lent by a bank etc and that must be repaid with interest - *also* ***v.***

14 **overdraft *n.*** deficit in a bank account caused by withdrawing more money than is paid in

15 **pay in *v.*** [**paid, paid**] to deposit or put money in to a bank account

16 **payee *n.*** person to whom money is paid

17 **paying-in slip *n.*** small document recording money that you pay in to a bank account

18 **standing order *n.*** an instruction to a bank to make regular payments

19 **statement *n.*** a record of transactions in a bank account

20 **withdraw *v.*** [**-drew, -drawn**] to take money out of a bank account - ***withdrawal n.***

***Activity: translate these terms into Arabic***