

**INTERNATIONAL MANAGEMENT INSTITUTE, BHUBANESWAR**

**PGPM-2014-15, TERM IV**

**Management of Banks & Financial Services – 3 Credits**

**Faculty: Dr. Deepak Tandon; Dr. Prashant Gupta**

**Email: [deepaktandon@imi.edu](mailto:deepaktandon@imi.edu), [prashantgupta@imi.edu](mailto:prashantgupta@imi.edu)**

**Mobile: 9811688833 (Prof Deepak Tandon), 9818580158 (Prof Prashant Gupta)**

**OBJECTIVE:**

The course aims to help students understand management of banks and financial services. It will also provide them tools to critically analyze the framework of management of banks and financial services its limitation.

This course is about banks and other financial services. The objective of the course would be to have discussions on how to run them as business enterprises and how generally accepted management tools and techniques can be applied to financial enterprises

Banks are being seen less as merely credit disbursing institutions and more as business enterprises. Just like businesses enterprises, banks also have to develop a vision, make business plans, manage human resources, get their marketing correct in all its ramifications and get their strategies right.

On the other hand, Non-Banking Financial Companies (NBFC's) are emerging as significant players in the financial system. Thus, in this course there will be discussions and deliberations on management of banks and other financial institutions in India - their structures, their products & services, pricing, risk management, regulatory environment, strategic issues, current concerns and future prospects and challenges.

***At the end of the course the students should be able:***

- Understand how the financial service industry is regulated;
- Identify the financial instruments at the disposal of the financial service industry;
- Apply key concepts and theories relevant to work in the financial services industry to different situations and circumstances;
- Have in-depth knowledge of various aspects related to Bank Risk Management, Credit Management, Forex Management, ALM and various issues in Insurance including the role of reinsurance and pooling in risk mitigation and study the banking regulations / Products
- Should be able to manage banks and financial institutions as businesses in the current scenario in India.
- Should be able to learn about financial products and services that are delivered by various financial institutions amidst competitors.
- Use appropriate knowledge to assist in making professional judgments, and be able to interpret future changes in financial services;

**FACULTY:**

The course will be taught by Dr. Deepak Tandon and Dr. Prashant Gupta.

**METHODOLOGY:**

Delivery of this course is based on student learning centric approach. Presuming majority of students having taken up at good number of papers in the area of finance, it is appropriate that the course stress on building and reinforcing analytical ability and its communication on the subject. Hence case analysis, writing short analytical report, project work and quiz will form components of performance evaluation.

**TEXT BOOK:**

- Suresh, Padmalatha and Paul, Justin (2010), “Management of banking and financial services”, Pearson Education, 2<sup>nd</sup> Edition.
- Khan, M.Y. (6<sup>th</sup> Edition, 2011), “Financial Services”,

**Suggested Readings:**

- Tandon D., Tandon N., and Ahuja K. (2011). Indian Banking –Technology, Innovations and Key Concerns 1<sup>st</sup> Edition, Kunal Books.
- Tandon D., Tandon N., Ahuja P. (2012). Risk management in Basel, 1<sup>st</sup> edition, Skylark Publications.
- Rose, Peter S and Hudgins, Sylvia C (2010), “Bank Management & Financial Services”, Tata McGraw Hill, 7<sup>th</sup> Edition
- Dermine, Jean (2009). Bank Valuation & Value-based management – Deposit and Loan pricing, Performance Evaluation and Risk Management, Tata McGraw Hill
- Indian Institute of Banking and Finance (2009). Theory and practice of treasury and risk management in Banks, Taxmann Publications.
- Indian Institute of Banking and Finance (2007). Insurance Products (including pension products) 2<sup>nd</sup> Edition, Taxmann Publications.
- K Sasidharan and Alex K Mathews, Financial Services and Systems , Tata Mc Graw Hill, New Delhi (2008) (FS & S-S&M)
- Frank J Fabozzi, Franco Modigliani, Frank J. Jones, Michael G. Ferri, “Foundations of Financial Markets and Institution 3rd Edition” Pearson Education, New Delhi.
- Anthony Saunders, Marcia Millon Cornett “Financial Markets and Institutions 3rd Edition” Tata Mc Graw Hill, New Delhi
- T. siddaiah, “Financial Services”, Pearson Education
- Padmalatha Suresh, Justin Paul “Management of Banking and Financial Services 2nd Edition” Pearson Education
- Bharti V. Pathak “The Indian Financial System-Markets, Institutions and Services- 2nd Edition” Pearson Education
- “Mutual Fund “ ICFAI University” 2007 Publications IUP.
- Koch, Timothy W and Macdonald, S Scott (2007). Management of Banking 6th Edition, Cengage Learning.
- ICFAI Case Studies in Finance Volume III (2005). The rise and fall of Global Trust Bank.
- Indian Institute of Banking & Finance (2004). Bank Financial Management, Taxmann Publications.
- Harrington & Niehaus (2004). Risk Management & Insurance, Tata McGraw Hill Second Edition.
- RBI’s Annual report on Trend and Progress of banking in India.
- IRDA’s Annual report.
- Websites of RBI and IRDA.

**EVALUATION:**

COMPONENT	FOCUS	MARKS
Assignment/Cases and CP	Announced time to time in class, submission on time	10
Quizzes	Un announced, to check the conceptual knowledge	10
Project work	Allotted , announced in class and submission on time	20
Mid Term Examination	Mid Term Evaluation	25
End Term	End Term examination	35

**Assignments/Exercise/Cases and Class Participation:** Assignments/Exercises/Cases shall be based on thematic topics as discussed from time to time. No assignment after the prescribed deadline shall be accepted. Students would be provided opportunities to participate in discussions in the class and during presentations. They would then be marked based on the quality of their participation.

**Quizzes:** Unannounced quizzes shall be conducted and best quiz/quizzes shall be considered (best 2 from 3 or so). Students who miss the quiz shall not be given any other chance.

**Project/Presentation** The students will discuss the work of their Cases/project undertaken by them. The copy of the slides & supporting material shall be submitted to the instructor. Evaluation shall be done on the basis of content, structure, verbal communication, simplicity in presenting the subject matter and team coordination.

**Examination:** Examination: Details of examination process to be discussed in class. This may consist of case study; application based situational questions and theoretical & conceptual questions.

**Missed Term Work or Examinations:** Exemption or deferral of a quiz, assignment is not permitted. Any student who either misses a quiz, or does not hand in an assignment will have the missed percentage of the course mark added to the weighting of the final grade. There will be no make up quiz or assignments. It is expected that all students will make a significant contribution to the group assignment. If not, marks may be adjusted accordingly. Assignment not submitted on the due date will not be accepted later.

## **SCHEDULE OF CLASSES**

<b>Session No.</b>	<b>Topic</b>	<b>Coverage</b>	<b>Text-book and Readings</b>
<b>1-2</b>	Introduction	Financial System, Financial products, financial markets and Financial Services: Introduction, NBFCs and their services	F S & Sys.- Sasidharan & Mathews, Chapter-1&2
	Asset/Fund Based Services (NBFCs)	Mortgage and Non Mortgage loans provided by NBFCs : Housing Finance, Car loans, Personal loans	F S- Khan 6e, Chapter-1
<b>3-4</b>	Introduction Banks, Banking Products and Services	An Overview of Banks; Types, Functions, Recent performance, Growth of banking industry - Important banking regulations in India and abroad -Recent global crisis and related regulatory issues, Financial stability and latest developments in Banking sector -Universal banking, Branch Banking , Narrow Banking -Payment systems Products – RTGS , NEFT , EFT , ECS , CTS -Merger and consolidation of banks	Mgt of Banking & FS, Suresh and Paul, Ch 1, 20  Bank Mgt & F S, Rose & Hudgins, Ch 1, 14  Mgt of Banking, Koch & McDonald Ch 1
<b>5-7</b>	Bank Regulatory System	-Role and functions of RBI -Banking Regulations Act -Negotiable Instruments Act – Special provisions -Banking Sector Reforms -Narasimham Committees I & II -RaghuramRajan Committee -CAMELS rating -Various accounts by Bankers -Securities, charge Creation & documentation -Prudential guidelines	Mgt of Banking & FS, Suresh and Paul, Ch 1, 2, 8, 9 & 11  Mgt of Banking, Koch & McDonald Ch 9

		on issues such as capital adequacy, liquidity, lending concentrations, and asset valuation by commercial banks operating in India - Comprehensive licensing rules, including guidelines for entry and exit of Banks in India - Basel framework - BASEL I, II, III: Implications	The rise and fall of Global Trust Bank (2005), ICFAI Case Studies in Finance Vol III
<b>8-9</b>	Banking Products and Services, Mgt of NPAs	- Sources and uses of Funds -Term Loans & Deferred Payment Guarantees -Credit Rating, Pricing of Loans, PLR, Base Rate -Credit Delivery -Non Fund Based Business; Letters of Credit ,Guarantees, Credit Supervision & Monitoring, Retail loans, FICO scores in US and recent introduction of individual credit scores in India, Credit scoring of consumer loans -Priority Sector lending, loans to weaker sections; Financial Inclusion, Sub-prime loans and FICO scores, Recovery and Rehabilitation - Management of NPAs -Restructuring of Loans - Industrial Rehabilitation -Recovery Management in Banks -SICA 1985, DRT Act 1993, SARFAESI Act 2002, LokAdalats, CDR Scheme	Mgt of Banking & FS, Suresh and Paul, Ch 5, 6, & 7  Mgt of Banking, Koch & Mcdonald Ch 12
<b>10-11</b>	Asset/Fund Based Services: Leasing	Theoretical & Conceptual framework of Leasing, Types, Hire Purchase, Factoring, Forfaiting and Bills Discounting	F S- Khan 6e, Chapter-2,3 &4 F S- Khan 6e, Chapter-5 Chapter- 6 and 7
<b>12</b>	Asset/Fund Based Services: Housing Finance	NHB, and it's role, Refinancing Schemes for HFCs, Securitization: Mortgage Based Securitization; Meaning of MBS, ABS, Reverse mortgage Loan	F S- Khan 6e, Chapter-8
<b>13</b>	Asset/Fund Based Services: Insurance	Meaning of Life Insurance, Importance of Life Insurance, Types of Schemes, Important Terms etc. Non Life Insurance- Health Insurance, Vehicle Insurance, Property Insurance	F S- Khan 6e, Chapter-9
<b>14</b>	Asset/Fund Based Services: Venture Capital	Venture Capital Finance: Meaning , Types and Stages in VC, Concept of Private Equity	F S- Khan 6e, Chapter-10
<b>15-16</b>	Asset/Fund Based Services: Mutual Funds	Mutual Funds-Concept, Types and Organization , Popular Terms, Mutual Funds-Evaluation and Conditions	F S-K 6e, Chapter-12 F S & Sys.- Sasidharan & Mathews, Chapter-1&2
<b>17-19</b>	Fee Based/Advisory Services:	Definition, Different Category of Merchant Bankers, Services Provided by Merchant Bankers; Issue Management, Restructuring, Brokerage Services; Stock Broking, Depositories, Custodial Services, Securities Lending & Borrowing Schemes etc	F S- Khan 6e, Chapter-13,14,15 &16
<b>20</b>	Fee Based/Advisory Services: Credit Rating	Meaning and Organization of Credit Rating Institutions, Procedure of Credit Rating,	F S- Khan 6e, Chapter-17