

# **NIOS lesson adaptation project**

**By EMBRACE Volunteers**

(A community initiative of Harchan Foundation Trust)

## **Chapter 9**

### **BANKING SERVICES**

(Printable Version)

- **Simplified Lesson**
- **Previous Year Questions with Answers**
- **Terminal Questions**

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

## **LESSON 9**

### **BANKING SERVICES**

Bank is a lawful organisation. It is a financial institution which accepts deposits that can be withdrawn on demand. It also lends money to individuals and business houses that need it.

Banking is an auxiliary to trade. It encourages saving habits amongst people, provides funds for business, and provides credit to farmers and help in the economic development of the nation.

Banks give two assurances to the depositors:

Safety deposits and

Withdrawal of deposits whenever needed.

#### **Differences between Banks and Money lender**

Basis	Banks	Moneylenders
Entity	Banks are organized institutions	Moneylenders are individuals
Activity	Banking activities include acceptance of deposits and lending of money	Activities of moneylenders may not include acceptance of deposits
Clients	Banks meet the needs of people in general and the business community in particular	Money lenders meet the needs of farmers and poor people
Security	Banks accept tangible and personal security against loans	Moneylenders generally accept gold, jewellery or land as security for giving loan.

#### **Explain the role of Banking**

- Banks help in the financial development of a nation.
- It encourages the saving habits among people.
- It acts as an intermediary between people who have money and people who need money.
- It provides loans to businesses.
- It provides credit to farmers.
- It facilitates payment through cheques instead of currency.
- It provides personal loans and housing loans.

It helps in raising the standard of living of people in general by providing loans for purchase of consumer goods, houses, vehicles etc.

### **Types of Banks Central Bank**

The central bank is the bank which is entrusted with the function of regulating and guiding the banking system of the country.

- The Reserve Bank of India is the central bank of our country.
- This bank does not deal with the general public.
- It maintains the deposit accounts of all the other banks and advances money to other banks if they require it.
- It also provides guidance to other banks when needed.
- So the central Bank is considered as the banker's bank.

### **Commercial Banks**

- Commercial banks accept deposits from customers.
- They grant short term loans and advances to farmers and businessmen.
- They also grant long term loans.
- Some of the banks now also provide housing loans.
- Commercial Banks are of three types.

#### **They are**

1. Public Sector Banks
2. Private sector Banks
3. Foreign banks

### **Public Sector Banks**

- These are banks which belong to the government or Reserve bank of India.
- They hold majority of the stake.
- Examples of public sector banks are
  - State Bank of India
  - Punjab National Bank
  - Indian Bank
  - Canara Bank
  - Bank of Baroda

### **Private Sector Banks**

- Majority of the share capital in a private bank are owned by individuals.
- These companies are registered as companies with limited liability.
- Examples of private banks

- ICICI Bank
- HDFC Bank
- Development Credit Bank Ltd.
- Lord Krishna Bank.
- Foreign Banks.
- These banks are registered in a foreign country.
- They have their headquarters in a foreign country.
- They have branches in our country.
- Examples
  - Hong Kong and Shanghai Bank (HSBC)
  - Citi Bank
  - American Express Bank
  - Standard Chartered Bank.

### **Development Banks**

- These banks provide loans for expansion of business.
- Business often requires some short term and long term capital for expansion.
- This can be for buying new machinery or using latest technology.
- They also subscribe to the shares and debentures issued by companies in certain circumstances.
- Industrial Finance Corporation of India and State Financial corporations are examples of Development Banks of India.

### **Co-operative Banks**

A co-operative Bank is a financial entity which belongs to its customers.

They are at the same time owners and customers of the bank.

People who come together to jointly serve their common interest often form a cooperative society under the co-operatives societies act.

They generally provide a wide range of banking and financial services to their members.

When co-operative societies engage themselves in banking business is called co-operative bank. The co-operative banks must follow the guide lines issued by the reserve bank of India.

Types of co-operative Banks

Primary credit societies

Central co-operative Banks

State cooperative societies.

Primary credit societies

These are formed in a village or a town. The borrowers and lenders know each other. They will be able to monitor the activities of each other to prevent fraud.

### Central co-operative societies

These banks operate at the district level having some of the primary societies belonging to the same district as their members.

They provide loans to the primary credit societies and serve as a link between primary credit societies and state cooperative societies.

State co-operative societies.

These are the apex cooperative banks in the states of the country.

They help in mobilizing funds which reach the individual borrowers through the central co-operative banks and the state co-operative banks.

### Specialised Banks

- There are some banks which provide assistance for setting up business in specific areas of activity.
- Since they are engaged in a specific area of activity they are called specialised banks.  
EXIM bank can provide you the required support when you want to do business with foreign countries.
- The bank grants loans to exporters and importers and also provides information about the international market.
- It gives guidance about the opportunities and risk involved in the export and import business.

### NABARD

- It is a central institution for financing agricultural and rural sectors.
- It provides financial assistance, especially to co-operative credit societies, in the field of agriculture, small-scale industries, cottage and village industries handicrafts and allied economic activities in rural areas

#### Functions of Banks

##### Primary Functions

Accepting deposits

Grant of loans and advances

Cash credit

- Overdraft
- Discounting bills  
Of exchange

##### Secondary Functions

Letters of credit

Safe custody

Foreign exchange dealings  
transferring money

Standing guarantee on  
behalf of customers

- The primary function of the bank is to accept deposits and grant loans
- Accepting deposits from the public is the primary function of the bank.
- People who have surplus funds deposit in the bank.

- Funds deposited in the bank earn interest. Thus deposits in the bank grow with the interest.

### **Grants of loans and advances.**

- The second important function of a commercial bank is to grant loans and advances.
- Loans are given to members of the public and businesses. A loan is granted for a specific time period.
- The rates of interest charged on loans and advances varies according to the purpose and period of loan and the mode of repayment.
- Cash credit, overdraft and discounting bills of exchange.

### **Secondary functions of commercial banks**

- Some of the secondary functions of the bank are
- It issues traveler's cheques, letters of credit etc.
- Providing safe deposit lockers to store important documents and valuables.
- Providing customers with facilities of foreign exchange dealings.
- Transferring money from one account to another.

### **Types of Bank Accounts**

There are four types of accounts. They are

- Savings Bank Account
- Current Deposit Account
- Fixed Deposit Account
- Recurring Deposit Account

### **Savings Bank Account**

- Person who has limited amount of money wants to save, he will open a savings bank account.
- This account can be opened with a minimum amount of deposit.
- Deposits and withdrawals can be made to this account.
- The number of free withdrawals in a savings bank account is restricted.
- Interest is allowed on the balance of deposit in the account.
- The rate of interest on saving bank account varies from one bank to another.
- A minimum balance has to be maintained in the account as prescribed by the bank.

### **Current Deposit Account**

- Big businesses and companies have to make payment through their bank accounts.
- They need an account which can permit withdrawals any number of times.

- This account also needs some amount of deposits.
- The bank does not pay interest on this deposit.
- The bank allows withdrawals of amounts in excess of the balance of the deposit.
- This overdraft facility is allowed for a specified amount of time.

### **Fixed Deposit Account**

- People save money for long periods.
- Money deposited in the fixed deposit account earns an interest at a higher rate.
- The deposits are made for a specific period of time.
- The deposits can be withdrawn even before the fixed period. The rate of interest can be reduced.
- At the end of the period the deposit can be withdrawn or renewed.
- Recurring Deposit Account
- This type of account is suitable for those who can save regularly and expect to earn a fair return on their deposits over a period of time.
- The depositor has to deposit a fixed amount of money once in the month for a specified period.
- You can stop paying and close the account before the time period and you will get the amount paid and interest up to that time.
- The rate of interest on the recurring deposits is lesser than that of fixed deposits but higher than that of a savings bank account.

### **How to open a savings bank account?**

- Go to the nearest bank and ask for a form of application for opening savings bank account and the amount that need to be deposited.

### **Filling up the form**

- You have to fill the application form providing the name, occupation, residential address and specimen signature of the applicant.
- Some banks request passport sized photographs of the applicants.
- Every bank requires that a person known to the bank should introduce the applicant. It may be convenient to be introduced by a person who already has an account in the bank.
- The applicant has to put his/her signature specimen at the blank space provided on the application form for that purpose. Specimen signatures have to be put separately on a card in which the photo is affixed of the applicant and the account number mentioned.
- When the bank officials have been satisfied that the application forms are in order, money is deposited with a pay in slip.
- An account number and a pass book is assigned to you. For some accounts cheque books are also assigned.

**Depositing money in a Savings Bank account.**

- If you are paying cash, the pay in slip has to be filled up giving the date of deposit, your name or account holder's name if you deposit money in somebody's account, account number, and the amount deposited in figures and words.
- Besides you have to enter on the slip the currency denomination that you are depositing and the number of notes in each denomination.
- You deposit the cash in the counter for cash receipts.
- The cashier will stamp and hand out the counterfoil to you as proof of the deposit.

**Procedure for depositing a cheque in your savings bank account.**

- To deposit the cheque you fill in the details of the cheque, the cheque number and the bank from which it has been drawn from, and the cheque amount in words and figures.
- You also give your account details. Your name and the account number.
- After signing the pay in slip, you pin the cheque to the pay in slip and you can hand it over at the receipts counter or put it in the drop box.
- Before dropping it in the drop box, the depositor can stamp the seal on the counterfoil tear it and drop the cheque in the drop box with the pay in slip.

**Withdrawal of deposits**

- Every bank has printed withdrawal forms, which can be used by account holders to withdraw cash from deposit accounts.
- The form has to be filled in, mentioning the date of withdrawal, account no., amount to be withdrawn-in figures and words. And the signature of the account holder.
- You have to produce it along with your pass book at the counter at which your account is handled.
- The officer passes after checking the amount against the available balance in your account.
- He also checks if the signature in the form and the specimen signature matches the one in the form.
- The amount is entered in the passbook and a token is presented.
- Presenting the same at the cash counter, the customer receives the payment.

**Withdrawal using cheques**

- As an account holder you can withdraw cash from your savings bank account by making use of a cheque also.



- Withdrawal by cheque follows the similar procedure of withdrawing by cash.
- The amount is noted in the passbook and cash is dispensed at the cash counter.

#### **Automated Teller Machine.**

- Banks issue ATM card to its depositors for easy withdrawal of money from their accounts.
- This card is used for withdrawal of money from saving and current deposit account through ATM machines.
- The card is a magnetic card, which can be operated by using a particular secret number. It is the most convenient system of withdrawal of money.

#### **Electronic Banking**

The recent developments of electronic banking provide facilities to customers to access accounts, transact business, or obtain information on financial products and services through the internet.

- Automated Teller Machine
- Debit card
- Credit card
- Net banking and
- Phone banking

#### **Automated Teller Machine**

- Machines are installed by banks at convenient locations.
- This enables customers to perform basic banking activities like checking one's balance, withdrawing money and depositing money at these machines.
- By using these machines customers can perform transactions at any time.
- Customers are given a personal Identification number. Entering the same in the machine enables the individual to withdraw or deposit cash.

#### **Debit card**

- Banks are providing debit cards to customers having an account.
- This allows customers to access their funds immediately.
- The customers can use this card for purchasing goods and services at different places.
- The amount paid through debit card is automatically debited to the customer's account.

#### **Credit card**

- Credit card can be used to make payments for purchase, so that the individual does not have to carry cash.

- Banks allow certain credit period to the credit card holder to make payment of the credit amount.

### **Net Banking**

- The internet provides a secure medium for making banking transactions over it. This is known as Net banking.
- This allows individuals to perform banking activities at home, via internet. Online banking through traditional banks enable customers to perform all routine transactions, such as account transfers, balance enquiries, bill payments and stop payment requests and loan applications.
- The customer can access his account any time. He can also make payment of bills.

### **Phone banking**

- Customers can access their accounts through their mobile phones.
- The customer can give instructions and make banking transactions through phone.
- Banking apps are available for people to use.

## **Previous Year Question**

### **1. Explain discounting bills of exchange.**

**Ans:** This is a type of advance provided by the bank to its customers. For Institutions and businesses who have opted for this, the banks make payment of the bill amount to its customers before the due date of the bills for a certain rate of interest. The party gets the funds without waiting for the date of maturity of the bills.

### **2. Which kind of deposit allows overdraft?**

**Ans:** The current deposit account allows the businesses to have a overdraft.

### **3. Describe the functions of EXIM bank.**

**Ans:**

EXIM bank can provide you the required support when you want to do business with foreign countries.

The bank grants loans to exporters and importers and also provides information about the international market.

It gives guidance about the opportunities and risk involved in the export and import business.

### **4. Granting loans and advances are the functions of a bank. Describe these functions.**

**Ans:** The primary functions of a bank include

Accepting deposits  
Granting loans and advances.

### **Accepting deposits**

- Accepting deposits from the public is the primary function of the bank.
- People who have surplus funds deposit in the bank.
- Funds deposited in the bank earn interest. Thus deposits in the bank grow with the interest.
- **Grants of loans and advances.**
- The second important function of a commercial bank is to grant loans and advances.
- Loans are given to members of the public and businesses. A loan is granted for a specific time period.
- The rates of interest charged on loans and advances varies according to the purpose and period of loan and the mode of repayment.

### **5. Which bank provides long term financial assistance to business?**

**Ans:** Industrial Finance Corporation of India.

### **6. Give any four secondary functions of a commercial Bank.**

**Ans:** Some of the secondary functions of the bank are

- a. It issues traveller's cheques, letters of credit etc.
- b. Providing safe deposit lockers to store important documents and valuables.
- c. Providing customers with facilities of foreign exchange dealings.
- d. Transferring money from one account to another.

### **7. An illiterate person wants to open an account in a bank. He seeks your help in filling the form. What information will you seek from him to fill the form?**

**Ans:** You have to fill the application form providing the name, occupation, residential address and specimen signature of the applicant.

So I will ask the person for his name, occupation, residential address, aadhar details and the purpose for opening the Account.

### **8. State the differences between a money lender and a bank.**

Basis	banks	moneylenders
Entity	Banks are organized institutions	Moneylenders are individuals
Activity	Banking activities include acceptance of	Activities of moneylenders may

	deposits and lending of money	not include acceptance of deposits
clients	Banks meet the needs of people in general and the business community in particular	Money lenders meet the needs of farmers and poor people
Security	Banks accept tangible and personal security against loans	Moneylenders generally accept gold, jewellery or land as security for giving loan.

## **TERMINAL QUESTIONS**

### **1. Define the term Bank.**

Bank is a lawful organization. It is a financial institution which accepts deposits that can be withdrawn on demand. It also lends money to individuals and business houses that need it.

### **2. What is meant by banking?**

Banking is an auxiliary to trade. It encourages saving habits amongst people, provides funds for business, and provides credit to farmers and help in the economic development of the nation.

➤ Give two examples

1. Private sector commercial banks
  - ICICI bank
  - HDFC Bank
2. Foreign banks in India
  - Citi Bank
  - Standard Chartered Bank

### **3. What facility is provided by credit card to bank customers?**

Credit card can be used to make payments for purchase, so that the individual does not have to carry cash.

Banks allow certain credit period to the credit card holder to make payment of the credit amount.

#### **4. What is meant by cash credit?**

Cash credit is an arrangement whereby the bank allows the borrower to draw amount up to a specified limit. The amount is credited to the account of the customer.

#### **5. What function does a development bank perform?**

Development banks provide financial assistance to businesses for expansion and modernization. Business may require medium and long term capital for purchase of machinery and equipment.

#### **6. Explain the role of Banking in about 100 words.**

Banks help in the financial development of a nation.

It encourages the saving habits among people.

It acts as an intermediary between people who have money and people who need money.

It provides loans to businesses.

It provides credit to farmers.

It facilitates payment through cheques instead of currency.

It provides personal loans and housing loans.

#### **7. What is meant by central bank?**

The central bank is the bank which is entrusted with the function of regulating and guiding the banking system of the country.

The Reserve Bank of India is the central bank of our country.

This bank does not deal with the general public.

It maintains the deposit accounts of all the other banks and advances money to other banks if they require it.

It also provides guidance to other banks when needed.

So the central Bank is considered as the banker's bank.

#### **8. What are the functions performed by the EXIM bank and NABARD.**

EXIM bank can provide you the required support when you want to do business with foreign countries.

The bank grants loans to exporters and importers and also provides information about the international market.

It gives guidance about the opportunities and risk involved in the export and import business.

##### **NABARD**

It is a central institution for financing agricultural and rural sectors.

It provides financial assistance, especially to co-operative credit societies, in the field of agriculture, small-scale industries, cottage and village industries handicrafts and allied economic activities in rural areas.

**9. Give any four secondary functions of a commercial bank.**

Some of the secondary functions of the bank are

- e. It issues traveler's cheques, letters of credit etc.
- f. Providing safe deposit lockers to store important documents and valuables.
- g. Providing customers with facilities of foreign exchange dealings.
- h. Transferring money from one account to another.

**10. Explain the primary functions of a commercial bank?**

The primary functions of a bank include

- a. Accepting deposits
- b. Granting loans and advances.

**Accepting deposits**

Accepting deposits from the public is the primary function of the bank.

People who have surplus funds deposit in the bank.

Funds deposited in the bank earn interest. Thus deposits in the bank grow with the interest.

**Grants of loans and advances.**

The second important function of a commercial bank is to grant loans and advances.

Loans are given to members of the public and businesses. A loan is granted for a specific time period.

The rates of interest charged on loans and an advance varies according to the purpose and period of loan and the mode of repayment.

**11. Explain the different types of commercial banks giving examples of each.**

Commercial banks are of three types namely public sector banks, private sector banks and foreign banks.

**Public sector banks**

These are banks where majority stake is held by the Government of India. Eg. State bank of India, Bank of Baroda etc.

**Private Sector banks**

In case of private sector banks majority of share capital of the bank is held by private individuals. ICICI Bank, HDFC bank.

**Foreign Banks**

These banks are registered in a foreign country. They have their headquarters in a foreign country and their branches in our country.

Some of the banks are Citi bank and American Express bank.

## 12. Distinguish between banks and money lenders.

Basis	Banks	Moneylenders
Entity	Banks are organized institutions	Moneylenders are individuals
Activity	Banking activities include acceptance of deposits and lending of money	Activities of moneylenders may not include acceptance of deposits
Clients	Banks meet the needs of people in general and the business community in particular	Money lenders meet the needs of farmers and poor people
Security	Banks accept tangible and personal security against loans	Moneylenders generally accept gold, jewellery or land as security for giving loan.

## 13. Describe the functions of a commercial bank

### Primary Functions

Accepting deposits

Grant of loans and advances

- Cash credit
- Overdraft
- Discounting bills
- Of exchange

### Secondary Functions

Letters of credit

Safe custody

Foreign exchange dealings

Transferring money

Standing guarantee on behalf of customers

The **primary function** of the bank is to accept deposits and grant loans

Accepting deposits from the public is the primary function of the bank.

People who have surplus funds deposit in the bank.

Funds deposited in the bank earn interest. Thus deposits in the bank grow with the interest.

Grants of loans and advances.

The second important function of a commercial bank is to grant loans and advances.

Loans are given to members of the public and businesses. A loan is granted for a specific time period.

The rates of interest charged on loans and advances vary according to the purpose and period of loan and the mode of repayment.

### **Secondary functions**

Some of the secondary functions of the bank are

- a). It issues traveler's cheques, letters of credit etc.
- b). Providing safe deposit lockers to store important documents and valuables.
- c). Providing customers with facilities of foreign exchange dealings.
- d). Transferring money from one account to another.

### **14. Explain the recent developments in the field of banking by giving examples of the latest facilities being offered to customers**

The recent developments of electronic banking provide facilities to customers to access accounts, transact business, or obtain information on financial products and services through the internet.

Automated Teller Machine

Debit card

Credit card

Net banking and

Phone banking

#### **Automated Teller Machine**

Machines are installed by banks at convenient locations. This enables customers to perform basic banking activities like checking one's balance, withdrawing money and depositing money at these machines. By using these machines customers can perform transactions at any time.

#### **Debit card**

Banks are providing debit cards to customers having an account.

This allows customers to access their funds immediately.

The customers can use this card for purchasing goods and services at different places.

The amount paid through debit card is automatically debited to the customer's account.

#### **Credit card**

Credit card can be used to make payments for purchase, so that the individual does not have to carry cash.

Banks allow certain credit period to the credit card holder to make payment of the credit amount.

#### **Net Banking**

The internet provides a secure medium for making banking transactions over it. This is known as Net banking.



This allows individuals to perform banking activities at home, via internet. Online banking through traditional banks enable customers to perform all routine transactions, such as account transfers, balance enquiries, bill payments and stop payment requests and loan applications. The customer can access his account any time. He can also make payment of bills.

Phone banking Customers can access their accounts through their mobile phones.

The customer can give instructions and make banking transactions through phone.

Banking apps are available for people to use.

### **15. What is meant by co-operative bank? Explain the types of co-operative banks of India.**

A co-operative Bank is a financial entity which belongs to its customers. They are at the same time owners and customers of the bank.

People who come together to jointly serve their common interest often form a cooperative society under the co-operatives societies act.

They generally provide a wide range of banking and financial services to their members.

When co-operative societies engage themselves in banking business is called co-operative bank. The co-operative banks must follow the guidelines issued by the reserve bank of India.

Types of co-operative Banks

Primary credit societies

Central co-operative Banks

State cooperative societies.

Primary credit societies

These are formed in a village or a town. The borrowers and lenders know each other. They will be able to monitor the activities of each other to prevent fraud.

Central co-operative societies

These banks operate at the district level having some of the primary societies belonging to the same district as their members.

They provide loans to the primary credit societies and serve as a link between primary credit societies and state cooperative societies.

### **State co-operative societies.**

These are the apex cooperative banks in the states of the country.

They help in mobilizing funds which reach the individual borrowers through the central co-operative banks and the state co-operative banks.

**16. Describe the procedure of opening a savings Bank account?**

Go to the nearest bank and ask for a form of application for opening savings bank account and the amount that need to be deposited.

Filling up the form

You have to fill the application form providing the name, occupation, residential address and specimen signature of the applicant.

Some banks request passport sized photographs of the applicants.

Every bank requires that a person known to the bank should introduce the applicant. It may be convenient to be introduced by a person who already has an account in the bank.

The applicant has to put his/her signature specimen at the bank space provided on the application form for that purpose. Specimen signatures have to be put separately on a card in which the photo is affixed of the applicant.

When the bank officials have been satisfied that the application forms are in order, money is deposited with a pay in slip.

An account number and a pass book is assigned to you. For some accounts cheque books are also assigned.

**17. State the procedure for depositing cash in a saving banks account.**

**You have to use a pay in slip while depositing cash or a cheque in the bank.**

If you are paying cash, the pay in slip has to be filled up giving the date of deposit, your name or account holder's name if you deposit money in somebody's account, account number, and the amount deposited in figures and words. Besides you have to enter on the slip the currency denomination that you are depositing and the number of notes in each denomination.

You deposit the cash in the counter for cash receipts.

The cashier will stamp and hand out the counterfoil to you as proof of the deposit.

**18. What procedure will you follow for depositing a cheque in your savings bank account?**

To deposit the cheque you fill in the details of the cheque, the cheque number and the bank from which it has been drawn from, and the cheque amount in words and figures.

You also give your account details. Your name and the account number.

After signing the pay in slip, you pin the cheque to the pay in slip and you can hand it over at the receipts counter or put it in the drop box.

Before dropping it in the drop box, the depositor can stamp the seal on the counterfoil tear it and drop the cheque in the drop box with the pay in slip.

**19. Describe the use of withdrawal form for operating a savings bank account?**

Every bank has printed withdrawal forms, which can be used by account holders to withdraw cash from deposit accounts.

The form has to be filled in, mentioning the date of withdrawal, account no., amount to be withdrawn-in figures and words. And the signature of the account holder.

You have to produce it along with your pass book at the counter at which your account is handled.

The officer passes after checking the amount against the available balance in your account.

He also checks if the signature in the form and the specimen signature matches the one in the form.

The amount is entered in the passbook and a token is presented.

Presenting the same at the cash counter, the customer receives the payment.

**20. What particulars do you have to fill in the form of application while opening a savings bank account?**

You have to fill the application form providing the name, occupation, residential address and specimen signature of the applicant.

Some banks request passport sized photographs of the applicants.

Every bank requires that a person known to the bank should introduce the applicant. It may be convenient to be introduced by a person who already has an account in the bank.

The applicant has to put his/her signature specimen at the bank space provided on the application form for that purpose. Specimen signatures have to be put separately on a card in which the photo is affixed of the applicant.

When the bank officials have been satisfied that the application forms are in order, money is deposited with a pay in slip.

An account number and a pass book is assigned to you. For some accounts cheque books are also assigned.

**21. State how will you withdraw cash from your savings account?**

Cash can be withdrawn from savings bank account with the help of withdrawal forms, cheques and ATMs.

Every bank has printed withdrawal forms, which can be used by account holders to withdraw cash from deposit accounts.

The form has to be filled in, mentioning the date of withdrawal, account no., amount to be withdrawn-in figures and words. And the signature of the account holder.

You have to produce it along with your pass book at the counter at which your account is handled.

The officer passes after checking the amount against the available balance in your account.

He also checks if the signature in the form and the specimen signature matches the one in the form.

The amount is entered in the passbook and a token is presented.

Presenting the same at the cash counter, the customer receives the payment.

As an account holder you can withdraw cash from your savings bank account by making use of a cheque also. Withdrawal by cheque follows the similar procedure of withdrawing by cash. The amount is noted in the passbook and cash is dispensed at the cash counter.

Automated Teller Machine.

Banks issue ATM card to its depositors for easy withdrawal of money from their accounts. This card is used for withdrawal of money from saving and current deposit account through ATM machines. The card is a magnetic card, which can be operated by using a particular secret number. It is the most convenient system of withdrawal of money.

## **22. Describe briefly the use of pay in slips for depositing cash or cheques into the savings bank account.**

You have to use a pay in slip while depositing cash or a cheque in the bank. A pay in a slip is a printed form. Each pay in a slip has two parts divided by perforation, the right hand part is the foil and the left handed partis the counter foil

If you are paying cash, the pay in slip has to be filled up giving the date of deposit, your name or account holder's name if you deposit money in somebody's account, account number, and the amount deposited in figures and words. Besides you have to enter on the slip the currency denomination that you are depositing and the number of notes in each denomination.

You deposit the cash in the counter for cash receipts.

The cashier will stamp and hand out the counterfoil to you as proof of the deposit.

To deposit the cheque you fill in the details of the cheque, the cheque number and the bank from which it has been drawn from, and the cheque amount in words and figures.

You also give your account details. Your name and the account number.

After signing the pay in slip, you pin the cheque to the pay in slip and you can hand it over at the receipts counter or put it in the drop box. Before dropping it in the drop box, the depositor can stamp the seal on the counterfoil tears it and drop the cheque in the drop box with the pay in slip.

**23. What is a pay in slip? State its utility?**

You have to use a pay in slip while depositing cash or a cheque in the bank. A pay in a slip is a printed form. Each pay in a slip has two parts divided by perforation, the right hand part is the foil and the left handed part is the counter foil

If you are paying cash, the pay in slip has to be filled up giving the date of deposit, your name or account holder's name if you deposit money in somebody's account, account number, and the amount deposited in figures and words. Besides you have to enter on the slip the currency denomination that you are depositing and the number of notes in each denomination. When using a cheque you will enter the details of the cheque in the pay in slip.

**24. Can you withdrawn amount in excess of the balance in your savings bank account? Give reasons to support your answer.**

Banks require you to keep a minimum balance in your savings bank account. They charge penalty if the minimum balance is not maintained. Hence a person will not be able to withdraw amount in excess of the balance in the savings bank account.

**25. What is ATM? How does it help the customers of the bank?**

Automated Teller machines help people to do bank transactions at any time of the day. These automatic machines located in places convenient for people to access can handle cash transactions 24 hours a day.

The bank gives a magnetic card along with a secret code number called PIN. When a cardholder wants to withdraw or deposit money, first he has to operate ATM by mentioning his PIN. He can press the withdraw button and entering the amount required and the secret pin number. The secret PIN number establishes his identity and the money is dispensed by the machine. This method helps the customer to withdraw money at one's convenience at any time during the day.

**26. While opening a savings bank account, why is it necessary to arrange introduction of the applicant by a person known to the bank?**

Every bank requires that a person known to the bank should introduce the applicant. It may be convenient to be introduced by a person already having an account in the bank. Introduction is necessary to prevent the possibility of opening of account by an undesirable person.