Abdelhafid Boussouf University Center – Mila

Institute of Economic, Commercial and Management Sciences

Departement of Economics

LECTURES ON : Bank Operations

Addressed to 3^{RD} year economics students – Second semester

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1. What are Bank Operations?

Bank operations are the various activities and services that banks provide to their customers to help manage their finances and facilitate economic transactions.

2. Key Bank Operations:

a. Deposits:

Definition: Deposits involve customers putting money into their bank accounts.

Types of Deposits: There are different types of deposits, such as savings accounts, checking accounts, and fixed deposits (CDs).

Purpose: Deposits allow customers to safely store their money in a bank and earn interest on their savings.

b. Loans:

Definition: Loans are funds borrowed from the bank that customers agree to repay with interest over time.

Types of Loans: Banks offer various types of loans, including personal loans, home loans (mortgages), auto loans, and business loans.

Purpose: Loans provide individuals and businesses with access to capital to make purchases or investments they couldn't afford otherwise.

c. Transactions:

Definition: Transactions involve the movement of money between accounts or parties.

Types of Transactions: Common transactions include deposits, withdrawals, transfers, and bill payments.

Purpose: Transactions allow customers to manage their finances, pay bills, and transfer money to others securely and conveniently.

d. Investments:

Definition: Banks offer investment services to help customers grow their wealth.

Types of Investments: Investment options may include mutual funds, stocks, bonds, and retirement accounts.

Purpose: Investments provide opportunities for customers to earn returns on their savings and plan for their financial futures.

e. Risk Management:

Definition: Banks engage in risk management to assess and mitigate potential risks to their operations and financial stability.

Types of Risks: Common risks include credit risk (default by borrowers), liquidity risk (shortage of funds), and operational risk (errors or disruptions in bank operations).

Purpose: Effective risk management helps banks safeguard their assets, maintain stability, and protect customer deposits.

3. Conclusion:

Bank operations encompass a range of services, including deposits, loans, transactions, investments, and risk management, aimed at meeting the financial needs of customers while maintaining the stability and integrity of the banking system.

Key Terms:

Deposits - الودائع

Loans - القروض

Transactions - المعاملات

Investments - الاستثمارات

Risk Management - إدارة المخاطر

Savings Accounts - حسابات التوفير

Checking Accounts - حسابات الجاري

Fixed Deposits (CDs) - الودائع الثابتة