

**KARACHI UNIVERSITY BUSINESS SCHOOL
UNIVERSITY OF KARACHI**

BBA – III	
Course Title	: MONEY AND BANKING
Course Number	: BA (H) – 431
Course Hours	: 03

Objective

The course aims at providing basic understanding about the principles and practices in money and banking field. The course reviews definitions, functions and theories of money – classical, Keynesian modern viewpoints, central and commercial banking, examination of monetary policy. The course also discusses the principles of international financial institutions.

Course Contents

1. Evaluation, Function and Forms of Money

- 1.1. Need for Money, Origin of Money, Commodity Money and Commodity Standards, Rise of Fiat Money, Seigniorage
- 1.2. Functions of Money. Types of Money – (M1, M2, M3 and L)
- 1.3. Approaches to Defining and Measuring Money

2. Techniques of Money Management and Role of Central Bank

- 2.1. Definition of Monetary Policy
- 2.2. Monetary Policy Operation Procedure
- 2.3. Rules versus Discretion in Monetary Policy
- 2.4. Role of State Bank of Pakistan as the Coordinator of Monetary policy of the country

3. Introduction to International Monetary System

- 3.1. International Accounting Identities: Balance of Payment. The Current Account, The Capital Account and Settlement of Balances
- 3.2. Fixed Exchange Rate System: Gold Standard, Bretton Woods System
- 3.3. Floating Exchange Rate System

4. Monetary and Fiscal Policy Coordination

- 4.1. Basic International Policy Relationship
- 4.2. Regulation of Banking and Financial Markets
- 4.3. Basel Agreement I and II

5. Financial Markets, Financial Institutions and Instruments

- 5.1. Capital Markets : Debt and Equity Markets
- 5.2. Money Market : Financial Service Markets

- 5.3. Financial Institutions: Depository Institution, Commercial Bank, Saving's and Loan's Associations, Mutual Savings Bank and Credit Unions
- 5.4. Non-Depository Institutions: Mutual Funds, Insurance Companies and Pension Funds etc.

6. Financial Instruments

- 6.1. Certificate of Deposit
- 6.2. Treasury Bills
- 6.3. Purchase Agreement
- 6.4. Banker's Acceptance
- 6.5. Federal Funds
- 6.6. Corporate Stocks
- 6.7. Corporate Bonds
- 6.8. Mortgages
- 6.9. Government Securities
- 6.10. Consumer and Commercial Loans
- 6.11. Municipal Bonds

7. Banking

- 7.1. Origin
- 7.2. Evolution
- 7.3. Types and Functions
- 7.4. Sources of Funds in Relation to Legal, Economic and Social Factors involved in Pakistan.

8. Prudential Regulations for Banks, DFIs etc.

9. Funds Management

- 9.1. Investment and Lending
- 9.2. Statutory and Liquidity Requirements in Pakistan

10. Banker Customer Relationship

- 10.1. Primary and Others

11. Customer's Accounts

- 11.1. Individual
- 11.2. Institutional and Corporate
- 11.3. Requirements of KYC

12. Negotiable and other Instruments

- 12.1. Promissory Notes
- 12.2. Bill of Exchange
- 12.3. Cheque
- 12.4. Drafts
- 12.5. Receipts
- 12.6. Bonds

- 12.7. Coupons
- 12.8. Dividend Warrants
- 12.9. Letter of Credit
- 12.10. Travellers Cheque
- 12.11. Credit and Debit Cards

13. Payment of Cheques and Other Instruments by Banks

14. Collection of Instruments by Banks

- 14.1. Crossing and Endorsements
- 14.2. Principles of Bank Lending
- 14.3. Control of Credit in Pakistan
- 14.4. Security of Bank Advances

15. Interest Free Banking

- 15.1. Relation and Methods

Recommended Books

1. Roger LeRoy Miller and David D. Van Hoose “ Modern Money and Banking” McGraw Hill Book Co. , Singapore , 2003 (3rd Edition)
2. Dr. Asrar H. Siddiqi, “ Practice And Law of Banking in Pakistan”, Royal Book Company , Karachi ,2004, (7th Edition)
3. D.G. Lockett, “ Money and Banking”, McGraw Hill , New York , 1998 (3rd Edition)