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
   3.2. Fixed Exchange Rate System: Gold Standard, Brettan 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: Depositary 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