

Chartered Banker

Leading financial professionalism

Introduction to Business Banking

A. Aim of Subject:

To provide an introduction to the main features and principles of the products and services offered by banks to business customers.

B. Subject Specific Learning Outcomes

Outcome 1

Explain the main features of business banking services

Knowledge, Understanding and Skills

- Banker/Customer relationship
- Duties of Banker
- Duties of the Customer
- The requirements of the FSA
- Range of business and corporate customers
- Customer Relationships
- current accounts
- Money transmission
- electronic funds transfer
- deposits
- lending
- Treasury services
- foreign currency exchange transactions
- insurance and assurance
- other services for business account customers

Outcome 2

Describe the various forms of business customers.

Knowledge, Understanding and Skills

- Sole traders
- Partnerships
- Private Limited Companies
- Public Limited Companies
- Government and Local Authorities

Outcome 3

Demonstrate an understanding of the principles of business lending.

Knowledge, Understanding and Skills

- Principles of Lending
- Purpose of Loan
- Working Capital
- Business Plan
- Amount of Loan
- Repayment of Loan
- Security
- Remuneration/Margin
- Credit Scoring
- Overdrafts
- Term Loans
- Hire Purchase
- Leasing
- Factoring/Invoice Discounting
- Specialised Lending
- Example Customer – Property Developers and Builders
- Example Customer – Agriculture
- Management Buyouts

Outcome 4

Demonstrate an understanding of Balance Sheets and Ratio Analysis.

Knowledge, Understanding and Skills

- Balance Sheets
- Auditing accounts
- Financial Ratios
- Operating/Activity Ratios
- Debtors and Creditor Ratios
- Profitability Ratios
- Cash Flow Analysis

Outcome 5

Describe and explain the principles of good security.

Knowledge, Understanding and Skills

- Need for Security
- Principles of good security
- Security over land and buildings
- Guarantees
- Stock exchange securities
- Life assurance policies
- Floating charge (granted by a company).
- Other forms of security
- Registration of Security
- Security margins

Outcome 6

Describe the process of credit assessment and what happens when things go wrong.

Knowledge, Understanding and Skills

- Assessing Credit Risk
- Controlling Credit Risk
- Monitoring Credit Risk
- Cash Flow monitoring
- When Problems arise
- Additional Lending
- Remedial action by customer
- Administration
- Liquidation

Outcome 7

Describe how excellent customer service is achieved in business banking

Knowledge, Understanding and Skills

- Marketing and Selling
- Providing products that meet customer needs
- Providing excellent customer service
- Effect of financial crisis
- Handling complaints
- Regulation