

**University of the Punjab**  
**Course outline**

**Associated Degree in Commerce (Specialization in Accounting & Finance)**

<b>Semester</b>	2		
<b>Course Name</b>	Theory and Practices of Banking		
<b>Course code</b>	ADC 314		
<b>Credit Hours</b>	03		
<b>Prerequisites</b>	Basic knowledge of Business and Financing needs of Business		
<b>Follow Up</b>			
<b>Objectives to Achieve</b>	<p>On the completion of course students should be able to:</p> <ul style="list-style-type: none"> <li>• Explain the history of banking</li> <li>• Understand the basic functions of banking</li> <li>• Explain the different banking practices</li> <li>• Illustrate the basic of different banking documents</li> <li>• Illustrate concept of different types of Bank</li> <li>• Understand the Money markets in Pakistan</li> <li>• Illustrate the handling of cheques in Banks</li> </ul>		
<b>Teaching Strategies</b>	<ul style="list-style-type: none"> <li>i. Lectures</li> <li>ii. Handouts</li> <li>iii. Group discussions</li> <li>iv. Class-room presentation</li> <li>v. Projects and term paper</li> <li>vi. Quizzes</li> <li>vii. Case Study, reading assignment</li> </ul>		
<b>Assessment Criteria</b>	<b>Mid term</b> (Assessment by respective College)		<b>Final Examination</b> (Assessment by University of the Punjab)
	40%		60%
	Quizzes and Tests Assignment and Presentations, Viva, Attendance, Class Participation and discipline etc.	Written paper	Written Paper

## Weekly Lectures Plan/Syllabus

Week	Topic	Detailed Contents
1	Introduction to Banking	<ul style="list-style-type: none"> <li>• Evolution of Banking</li> <li>• Early Growth</li> <li>• Modern Banking</li> <li>• Development of Modern Banking</li> <li>• Types of Banks</li> </ul>
	Laws of Banking in Pakistan	<ul style="list-style-type: none"> <li>• Banking Companies Ordinance, 1962</li> <li>• State Bank of Pakistan Act, 1956</li> <li>• Negotiable Instruments Act, 1881</li> <li>• Bankers Book of Evidence Act 1891</li> <li>• Financial Institutions Ordinance, 2001</li> <li>• Foreign Exchange Regulation Act, 1947</li> </ul>
2	Organization of Money Market in Pakistan	<ul style="list-style-type: none"> <li>• Money Market Structure</li> <li>• State Bank of Pakistan</li> <li>• Commercial Banks</li> <li>• Exchange Banks</li> <li>• Co-Operative Credit Societies</li> <li>• Saving Banks</li> <li>• Discount Houses</li> <li>• Micro Finance Institutions</li> <li>• SBP as Central Bank</li> <li>• SBP Banking Services Corporation</li> <li>• Prudential Regulations (just overview)</li> </ul>
3	Commercial Banks	<ul style="list-style-type: none"> <li>• Functions</li> <li>• Nationalization of Banks</li> <li>• Reorganization of Nationalized Banks</li> <li>• First Women Bank</li> <li>• Effects of Nationalization</li> <li>• Privatization</li> <li>• Exchange Banks</li> <li>• Co-Operative Banks</li> <li>• E-Banking</li> <li>• ATM Cards</li> <li>• Debit Cards</li> <li>• Electronic Fund Transfer</li> </ul>
4	Specialized Credit Institutions: National	<ul style="list-style-type: none"> <li>• PICIC Commercial Bank</li> <li>• IDBP</li> <li>• ADBP</li> <li>• ICP</li> <li>• SMEDA</li> <li>• HBFC</li> <li>• SME Bank</li> <li>• NIT</li> </ul>
5	Banker's Fund	<ul style="list-style-type: none"> <li>• Banks's Capital Reserve Funds</li> <li>• Liquid Assets Deposits</li> </ul>

		<ul style="list-style-type: none"> <li>• Nature of Deposits</li> <li>• Law of Limitations</li> </ul>
6	Banker-Customer Relations	<ul style="list-style-type: none"> <li>• Bankers</li> <li>• Functions of Bankers</li> <li>• Qualifications of Customer</li> <li>• Rights and Duties of Customer</li> <li>• Relationships</li> </ul>
7	Accounts of Customers-General	<ul style="list-style-type: none"> <li>• Introduction and Preliminary Investigation</li> <li>• Specimen Signature</li> <li>• Married women</li> <li>• Minor Accounts</li> <li>• Pardanashin women</li> <li>• Problems of Individual Accounts <ul style="list-style-type: none"> <li>➤ Death of Customer</li> <li>➤ Lunacy of Customer</li> <li>➤ Insolvency of Customer</li> <li>➤ Joint Accounts</li> <li>➤ Survivorship</li> <li>➤ Joint Account of Husband and Wife</li> <li>➤ Bankruptcy of Joint Account holder</li> <li>➤ Safe custody of items in Joint Names</li> </ul> </li> </ul>
	Accounts of Special Customers	<ul style="list-style-type: none"> <li>• Partnership Account</li> <li>• Joint Stock Companies</li> <li>• Accounts of Club</li> <li>• Societies</li> <li>• Agent Account</li> <li>• Trust Account</li> <li>• Account of Local Bodies</li> </ul>
8	Cheques and their Payment	<ul style="list-style-type: none"> <li>• Definition of Cheque</li> <li>• Types of Cheque</li> <li>• Requisites of a Cheque</li> <li>• Parties to a Cheque</li> <li>• Payment of Cheque</li> <li>• Bouncing of Cheque</li> <li>• Money Paid by Mistake</li> </ul>
	Indorsements	<ul style="list-style-type: none"> <li>• Definition of Indorsements</li> <li>• Classification Indorsements</li> <li>• Principles of Indorsements</li> <li>• Forms of Indorsements</li> <li>• Importance of Indorsements</li> </ul>

9	Crossed cheques and their Collection	<ul style="list-style-type: none"> <li>• Crossing</li> <li>• Types of Crossing <ul style="list-style-type: none"> <li>➤ General Crossing</li> <li>➤ Cheques Crossed Account Payee</li> <li>➤ Special Crossing</li> <li>➤ Not Negotiable Crossing</li> </ul> </li> <li>• Advantages of Crossing</li> <li>• Duties of Paying Banker</li> <li>• Collection of Crossed Cheque</li> <li>• Duties of a Collecting Bankers</li> <li>• Protection to the Collecting Banker</li> <li>• Electronic Clearing System</li> </ul>
10	Other Negotiable Instruments	<ul style="list-style-type: none"> <li>• Negotiable</li> <li>• Instruments</li> <li>• Quasi-negotiable Instruments</li> <li>• Defective Title</li> <li>• Promissory Note</li> <li>• Bills of Exchange</li> <li>• Banker's Draft</li> <li>• Base II Norms</li> </ul>
11	Other Banking Instruments	<ul style="list-style-type: none"> <li>• Bank Notes</li> <li>• Dividend Warrants</li> <li>• Postal Orders</li> <li>• Interest Warrants</li> <li>• Coupons</li> <li>• Drawn Bonds</li> <li>• Travellers Cheque</li> <li>• Letter of Credit</li> </ul>
12	Control of Bank Credit in Pakistan	<ul style="list-style-type: none"> <li>• Bank Rate</li> <li>• Open Market Operations</li> <li>• Variable Reserve Requirements</li> <li>• Selective Credit Control</li> <li>• SME</li> <li>• Agriculture Finance</li> <li>• Industrial Finance</li> <li>• Export Finance</li> </ul>
13	Principles and Forms of Lending	<ul style="list-style-type: none"> <li>• Principles of Lending</li> <li>• Forms of Lending <ul style="list-style-type: none"> <li>➤ Overdraft</li> <li>➤ Loans</li> </ul> </li> <li>• Purchase and Discounting of Bills</li> <li>• Hire Purchase</li> <li>• Lease Finance</li> </ul>

14	Securities for Advances	<ul style="list-style-type: none"> <li>• Classification of Securities</li> <li>• Banker's lien</li> <li>• Charge</li> <li>• Contract of Pledge</li> <li>• Hypothecation</li> <li>• Guarantee</li> <li>• Indemnity</li> </ul>
15	Interest Free Banking	<ul style="list-style-type: none"> <li>• Profit and Loss Deposits</li> <li>• Investment of PLS Deposits</li> <li>• Further Expansion in the Avenues of Investment</li> <li>• Musharika Finance</li> <li>• Ijarah Finance</li> <li>• Wa iqtina Finance</li> <li>• Modarba Financing</li> <li>• Murabaha Financing</li> <li>• Salam</li> <li>• Musawma</li> </ul>
16	Commercial Letter of Credit	<ul style="list-style-type: none"> <li>• Definition</li> <li>• Confirmed or Unconfirmed credit</li> <li>• Documentary LOC</li> <li>• Revocable and Irrevocable LOC</li> <li>• Revolving Credit</li> <li>• Red Clause Credit</li> <li>• Green Clause LOC</li> <li>• Transferable and Assignable Credit</li> <li>• Advantages of LOC</li> <li>• Rights and Liabilities of Opening Banker</li> <li>• Rights and Liabilities of Negotiating Banker</li> <li>• Negotiation of Documents</li> </ul>

#### BOOKS RECOMMENDED (Latest Editions)

1. Dr. Asrar H. Siddiqi, Practice and Law of Banking in Pakistan, Royal Book Co. Karachi.
2. M. Saeed Nasir, Banking and Finance
3. Dr. Hassan Mobeen Alam, Money Banking & Finance, Syed Mobin Mahmud & Co.
4. Sundaram and Varshney, Banking Law Theory and Practice, Sultan Chand Co.
5. B. Santhnam, Banking and Financial Systems, Margham Publishers
6. S.N. Maheshwari, Banking Law Theory and Practice, Kalyani Publications
7. Tanon, Banking Law and Practice
8. Sherlaker & Sherlaker, Banking Law Theory and Practice