

HAILEY COLLEGE OF COMMERCE

UNIVERSITY OF THE PUNJAB, LAHORE

Course Title: Banking Laws and Practice

Proposed Course Code: BSC-311

Credit Hours: 03

Program: BS Commerce

Semester: 6th**1.0 Introduction of the Course**

This course aims to provide an understanding of history of banking since inception. It also explains the banking laws and its historical perspective as well as contemporary banking laws in Pakistan. Moreover, banking practices in the recent age is the central tenet of this course to educate the young professionals for better understanding of the banking sector. This course also covers emerging trends and cotemporary research in the banking sector to address the prevailing banking streams i.e., conventional banking and Islamic banking.

2.0 Pre-Requisites Course (s) or Other Requirements/Skills:

It requires basic understanding of business and commerce in addition to accounting, quantitative techniques, and business/corporate laws.

3.0 The Course carries following objectives:

1. Understanding of banking industry and its role in the economy
2. Learning of Banking laws and its legislation process
3. Banker-customer relationship and types of accounts offered by banks (personal accounts and institutions accounts).
4. An insight of Banking practices and regulatory requirements in Pakistan
5. Emerging trends and issues in the banking sector

4.0 Course Learning Outcomes

- Basic understanding of banking industry, its emergence/evolution and role in the economy
- To have an orientation about banking laws and its application in different regimes
- To understand banking practices and regulatory compliance in Pakistan
- To know the emerging trends and patterns in the banking sectors due to changing needs (social, economic, or technological)

5.0 Course Contents:**Unit-I****1.1 Banking History**

- 1.1.1 Inception and evolution of banking
- 1.1.2 Role of Bank
- 1.1.3 Pakistani banking sector,
- 1.1.4 Banking developments in Pakistan,

Unit-II**2.1 Banks and Financial Markets**

- 2.1.1 Role of Bank in financial markets
- 2.1.2 IPO and banking system
- 2.1.3 Financial environment and banking system of Pakistan

Unit-III

3.1 Types of Banks and Financial Institutions

- 3.1.1 Types of banks
- 3.1.2 Central Bank and its functions
- 3.1.3 Pakistani banking sector

Unit-IV

4.1 Interest Free Banking (Islamic Banking)

- 4.1.1 Interest-free Banking (Islamic Banking)
- 4.1.2 Difference between Islamic and Conventional Banking
- 4.1.3 Prohibition of Interest in Islamic Banking
- 4.1.4 History of Islamic Banking in Pakistan
- 4.1.5 Islamic Banking Contracts/Products
- 4.1.6 Functions of Islamic Bank

Unit-V

5.1 Banking Laws in Pakistan

- 5.1.1 Contract Act 1872
- 5.1.2 Negotiable Instrument Act 1881
- 5.1.3 The Banker's Book Evidence Act 1891
- 5.1.4 Foreign Exchange Act, 1947
- 5.1.5 State Bank of Pakistan Act, 1956
- 5.1.6 Banking Companies Ordinance, 1962
- 5.1.7 Nationalization of Banks Act, 1974
- 5.1.8 Financial Institutions Finance (Recovery) Ordinance 2001
- 5.1.9 Anti-Money Laundering Act, 2010

Unit-VI

6.1 Requirements of Banking Companies Ordinance 1962 (Revised)

- 6.1.1 Preliminary
- 6.1.2 Banking business
- 6.1.3 Winding up of banking business
- 6.1.4 Banking Mohtasib
- 6.1.5 Miscellaneous

Unit-VII

7.1 Funds of Banks (Sources and Utilization)

- 7.1.1 Internal sources
- 7.1.2 External sources
- 7.1.3 Funds utilization by banks

Unit-VIII**8.1 Operations and Products of Banks**

- 8.1.1 Fund based operations products.
- 8.1.2 Non-fund-based operations and products
- 8.1.3 Agency services
- 8.1.4 General services

Unit-IX**9.1 Bank Customers (Retail/Individual)**

- 9.1.1 Bank, banking company and customer
- 9.1.2 Functions of bank
- 9.1.3 Banker-Customer relationship
- 9.1.4 Right and duties of banker and customer
- 9.1.5 Personal accounts

Unit-X**10.1 Bank Customers (Corporate/Institutional)**

- 10.1.1 Legal requirements to open a bank account.
- 10.1.2 Accounts of institutional customers (corporate entities)

Unit-XI**11.1 Cheques and Types of Checks**

- 11.1.1 Cheque and essentials of cheque
- 11.1.2 Reasons for Dishonor/bounce of cheque
- 11.1.3 Remedies regarding dishonor of cheque
- 11.1.4 Types of cheques
- 11.1.5 Crossed cheques.

Unit-XII**12.1 Banking Instruments**

- 12.1.1 Introduction
- 12.1.2 Type of banking instruments
- 12.1.3 Role of bank

Unit-XIII**13.1 Financing Products of Banks**

- 13.1.1 Type of financing products
- 13.1.2 Short term financing products
- 13.1.3 Medium-term financing products
- 13.1.4 Long term financing products

Unit-XIV**14.1 Principles and Forms of Lending in Pakistan**

- 14.1.1 Type of bank lending
- 14.1.2 Principles of bank lending
- 14.1.3 Forms of lending

Unit-XV**15.1 Foreign Exchange and Banks**

- 15.1.1 Foreign Exchange Act, 1947
- 15.1.2 Role of banks in foreign exchange market
- 15.1.3 Buying and selling of foreign currencies

Unit-XVI**16.1 Role of Banks in Economy**

- 16.1.1 Economic role of bank
- 16.1.2 Merits and demerits of banking industry for economy
- 16.1.3 Role of bank in the economy

Unit-XVII**17.1 Digital Banking**

- 17.1.1 Financial technology and banking
- 17.1.2 Digitization of banking
- 17.1.3 Products of digital banking

Unit-XVIII**18.1 Contemporary Banking Practices and Emerging Trends**

- 18.1.1 Banking Developments in Pakistan: A Journey from Conventional Banking to Islamic Banking
- 18.1.2 Islamic Banking Experience of Pakistan: Comparison of Islamic and Conventional Banks
- 18.1.3 Islamic Banking and Prohibition of Interest / Riba
- 18.1.4 An Overview of the Operations/Products offered by Islamic Banks in Pakistan
- 18.1.5 Investigation of Services Utilization Decisions in Islamic Banking: Role of Motives and Behavior
- 18.1.6 An Analysis of Functions of Functions performed by Islamic Banks: A Case of Pakistan
- 18.1.7 Comparative Study of Islamic Banking Products: Perception of Bankers and Islamic Scholars

6.0 Teaching-Learning Strategies

The course will have combination of the instruction methodologies e. g. Class lectures, Video lectures, Readings, Panel discussions, Seminars, Term project and presentations.

7.0 Assignments- Types and Number with calendar

As per University Policy and academic calendar

7.0 Assessment and Examinations: As per University Rules

Mid-Term	Written Paper
Final Examination	Written Paper
Sessional	Quizzes and Tests, Assignment and Presentations, Attendance, Class Participations and Discipline etc.

9.0 Textbooks

1. **Ahmad, A.** (2022), Banking Laws and Practices in Pakistan, First Edition, Azeem Academy, Pakistan.

10. Suggested Readings**1.1 Books**

1. **Ahmad, A.** (2016). Comparative Study of Islamic Banking in Pakistan: Proposing and Testing a Model, LAP LAMBERT Academic Publishing, Germany, ISBN 978-3-659-89322-3.
2. Siddiqi, A. H. (2007). Practice and Law of Banking in Pakistan, 8th Edition, Royal Book Company, Karachi, Pakistan.

10.2 Journal Articles/ Reports

- **Ahmad, A.,** Farooq, W. and Imran, M. (2021). Islamic Banking Products: A Comparative Study of the Perception of Bankers and Scholars, *Al-Qamar*, 4(1), 31-44.
- **Ahmad, A.,** Ullah, Z. and Manj, S. (2020). Investigation of Services Utilization Decisions in Islamic Banking: Role of Motives and Behavior. *Al-Qamar*, 3 (1), 17-30.
- **Ahmad, A.** Danish, R., Ali, A. and Afzal, A. (2019). Comparative Study of Banking Industry based on Appraisal System, Rewards and Employee Performance. *SEISENSE Journal of Management*, 2(1), 4-14.
- **Ahmad, A.** and Bashir, R. (2014). An Investigation of Customer's Awareness Level and Customer's Service Utilization Decision in Islamic Banking. *Pakistan Economic and Social Review*, 52 (1), 59-74.
- **Ahmad, A.,** Rehman, U.K., and Humayoun, A. A. (2011). Islamic Banking and Prohibition of Riba/Interest. *African Journal of Business Management*, 5 (5), 1763-1767.
- **Ahmad, A.,** Awan, U. R. and Malik, I.M. (2011). An Overview of the Operations/Products offered by Islamic Banks in Pakistan. *African Journal of Business Management*, 5 (11), 4185-4190.
- **Ahmad, A.,** Malik, I. M. and Humayoun, A. (2010). An Analysis of Functions performed by Islamic Bank: A Case of Pakistan. *European Journal of Social Sciences*, 17 (1), 7-11.
- **Ahmad, A.,** Humayoun, A. A. and Hassan, U. (2010). Banking Developments in Pakistan: A Journey from Conventional Banking to Islamic Banking, *European Journal of Social Sciences*. 17 (1), 12-17.
- **Ahmad, A.,** Rehman, U.K. and Saif, I. (2010). Islamic Banking Experience of Pakistan: Comparison of Islamic and Conventional Banks, *International Journal of Business and Management*, 5 (2). 137-144.
- Butt, Z.B., Rehman, U.K. and **Ahmad, A.** (2007). An Empirical Analysis of Market and Industry Factors in Stock Returns of Pakistan Banking Industry. *South Asian Journal of Management*, 14 (4), 7-19.