

GE- BBA
Discipline Specific Course-(DSC)

EMERGING BANKING AND FINANCIAL SERVICES

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course	Department offering the course
		Lecture	Tutorial	Practical/ Practice			
GE7: EMERGING BANKING AND FINANCIAL SERVICES	4	3	1	NIL	Class XII	NIL	Financial Studies

Course Objective: The objective of this paper is to familiarize students with banking reforms in the last decade, concept of neo banks, rising issue of non-performing asset and its impact on day-to-day functioning. They will learn about financial services such as Leasing, Hire Purchase, Credit Rating, Securitization and Venture Capital Financing.

Learning Outcomes: On successful completion of his course, the students will be able to:

- Understand the relevance of financial reforms introduced in Indian banking sector.
- Understand the rising problem of non-performing assets in Indian banking sector.
- Learn the importance of neo banks and M&A in Indian banking sector.
- Understand the various financial services available in India along with the latest innovations and technological integration in the field of finance.

Course Contents:

Unit 1

An overview of the Indian Banking system; Major Banking Reforms in the last decade: Payment banks, Monetary Policy Committee, MCLR Based Lending, Innovative Remittance Services; Issues in financial reforms and restructuring; Future agenda of reforms: Assessing Non- Performing Assets in Indian Banking, Previous methodologies for recovery, Impact of Gross NPAs on a bank's bottom line – burning need for bad banks, Functioning of Bad Banks, Government backing for bad banks - National Asset Reconstruction Company Ltd. (NARCL).

Unit 2

Introduction to neobanks, Functions of neobanks, Operating Model of neobanks, Regulatory requirements for setting up and running neobanks, Emerging need for neobanks, neo banks vs traditional banks. Merger & Acquisition: Introduction, Benefits of mergers, Synergies accruing out of mergers, Regulatory mechanisms surrounding M&A in banking, Case-studies of recent banking mergers and related outcomes.

Unit 3

Leasing and Hire Purchase: Concepts of leasing, types of leasing – financial & operating lease,

direct lease and sales & lease back, advantages and limitations of leasing, Lease rental determination; Financelease evaluation problems Lessee's angle (PV and IRR methods) and Lessor's perspective, Hire Purchase interest & Instalment, difference between Hire Purchase & Leasing, Choice criteria between Leasing and Hire Purchase, mathematics of HP.

Unit 4

Venture Capital: Concept, history and evolution of VC, the venture investment process, various steps in venture financing, incubation financing. Credit Ratings: Introduction, types of credit rating, advantages and disadvantages of credit ratings, Credit rating agencies and their methodology, International credit rating practices. Securitization: Concept and Process, Credit Enhancement parties to a Securitization Transaction, Instruments of Securitization, Types of Securities, Securitization in India.

Essential Readings:

1. Pathak, B. Indian Financial System (4th ed). Pearson Publication.
2. Khan, M. Y. (2013). Financial services. New Delhi: McGraw Hill Education.
3. Machiraju, H. R. (2002). Indian financial system. New Delhi, Vikas Publication House.

Additional Readings:

1. Verma, J. C. (1996). Bharat's manual of merchant banking: Concept, practices and procedures with SEBI clarifications, guidelines, rules and regulations. New Delhi: Bharat Law House.
2. K. Sriram: Hand Book of Leasing, Hire Purchase & Factoring, ICFAI, Hyderabad.
3. Ennew. C. Trevor Watkins & Mike Wright: Marketing of Financial Services, Heinemann Professional.

Key Words

Banking, Merger and Acquisition, Neo banks, NPA, Leasing, Hire Purchase, Credit Ratings, Securitization, Venture Capital.