Welcome students. In this module we are going to continue with the remaining three systems of banking that is, investment banking, mixed banking and universal banking. Investment banking is also called industrial banking. This type of banking was originated in Germany. Which focuses on providing long-term finance To meet the working requirements as well as the long term requirements of a company. So they provide long-term funds required for acquisition of fixed assets, which are required by a company for a long period of time. For modernization. For expansion of business. And reorganization of the industry. All these reasons require huge requirement of funds which can be

fulfilled by investment banking. Next one is mixed banking. Now mixed banking is basically a combination of deposit banking and investment banking. In deposit banking we give only short-term funds, whereas in investment banking they cater to long-term funds. So when you see mixed banking, it is basically a combination of deposit, banking, and investment banking. This system of banking is popular model in Germany and Japan. Banks finance the long-term requirements of industries as well as caters to the short term needs of trade and Commerce. The advantages of mixed banking. First one is expert guidance. For every investor, whether he is worried about to invest

in short-term funds or long-term funds, there are experts in this bank wherein they will guide you exactly what you're looking for, so this reduces the burden of the customer. Second one is credit needs. As for the needs of the customer, mixed banking can cater or provide loans and other facilities to the customer. Third, direct contact with the industries. Since they provide long-term funds to the Industries, management feel that there should have one of the bank employee in their management. So whenever they take any decision, this mixed banking can have a know how or what they're doing. And the 4th one is the rapid industrialization. When you go for short term funds as well as long term funds from one particular bank, you need not worry of going to

different banks for the same function.

So this helps for rapid industrialization.

By concentrating on achieving your objectives.

The disadvantages of mixed banking first one is bad debts. Many times the companies or the

customers cannot repay the long term

funds which they have taken from a

particular bank so automatically this

leads to bad debts of a particular

Bank thereby endangering the position

of mixed banking.

Second, one speculative business when the.

Economy is doing well.

This type of banks will be doing

rapidly well because the share prices

of the companies will be going on

increasing as well as the banks will

get the refund of the amount which

they have taken as well as they can

also charge high interest rates.

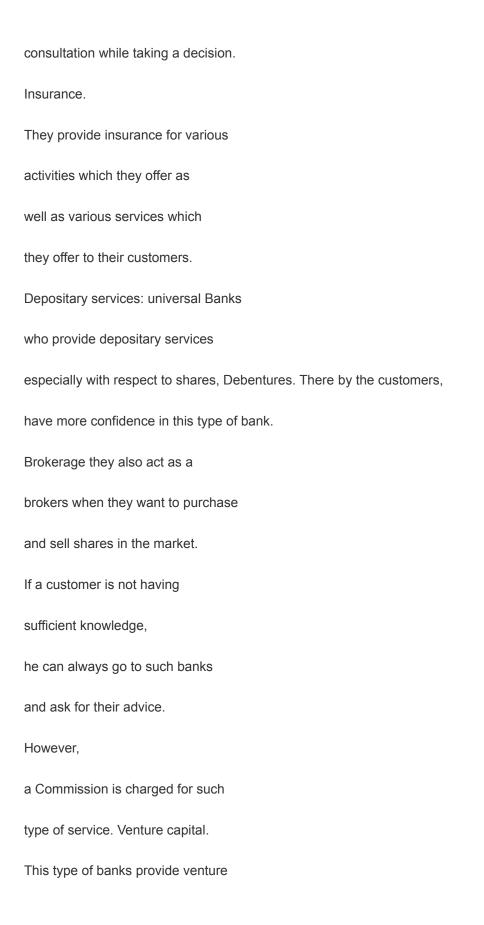
Third, one scope for overlanding.

Sometimes in mixed banking there is a

high scope for overlanding because.

When the customers deposit Money they always to be payable on demand, so you never know when the customers can demand their money back. So when you give long-term funds to other customers, it is difficult to retrieve the funds in a short span of time. So this leads to overspending as well as it leads to creation of more NPAs. the 4th one is the threat to liquid ITI. Sometimes when the banks cannot recover funds from their customers which they have given loans and advances, it poses a serious threat to their liquidity position. As a result, it might lead to liquidation of that particular bank. And the second one is Universal Bank. In Universal Bank, these banks are engaged in diverse

kind of banking facilities. They do broad based and comprehensive activities. In India, State Bank of India is practicing broad universal banking. So here you can see Universal Bank actually does different types of activities. For example, first one giving off loans and advances for the long term. So in this way you can increase your customer base. Second, they provide working capital. Working capital is the main element for any business. In order to survive in the business for a long term, you need to have a good and flexible working capital. Third, one corporate advisory services. Universal Banks act as an advisor. Whenever the customer wants any idea or



capital to meet the requirements if.
The in the initial stages the
companies cannot find their business.
Underwriting new debt.
They provide underwriting features.
And last they also purchase equity shares.
Now all the services are provided
by Universal Banks at a minimal,
or it can be even at a standard rate.
So when a customer applies for such services,
he has to always pay some extra
amount for such types of services.
So in the conclusion, we have studied investment banking, mixed banking and universal banking as systems of banking,
thank you.