



FIN 32303: Principles of Banking

Level: 3000

Number of Credits : 03

Course Description

This course covers the principles and practices of banking with special reference to the Sri Lankan context. Further, the course discusses the role of banks in the financial system together with the mechanisms available to monitor the banking business and to evaluate the performance of banks.

Intended Learning Outcomes

At the end of this course, the student will be able to;

- Explain the evolution of money and banking, and importance of banks in the financial system,
- Explain the role of a bank and business models of banks,
- Discuss how the client confidence and risk is managed in banks
- Discuss the nature and importance of prudential regulations and safety nets for banks and financial system
- Evaluate performance of commercial banks

Teaching/Learning Methods

Lectures, Group discussions, and Seminars

Methods of Assessment

In-course Assessments	: 30%
End Semester Examination	: 70%

Course Contents

1. Evolution of money and banking
2. Banks and the financial system
Role and importance of banks in the financial system, structure and competition in the banking sector
3. Primary functions of a bank
Deposit taking, lending and other fee based services
4. Business models in banking
Corporate banking, retail banking, off-shore banking, Islamic banking, E-banking, SME banking etc.
5. Clients' confidence management and bank failures
6. Bank risk management
Credit risk, liquidity risk, market risk etc.
7. Prudential regulations and safety-nets
Licensing, central bank supervision, Basel regulatory framework
8. Performance evaluation of banks
Soundness, liquidity, profitability, CAMEL etc.

Recommended Readings

1. Casu, B, Girardone C., Molyneux, P. (2015), Introduction to Banking, 2/e, Pearson.