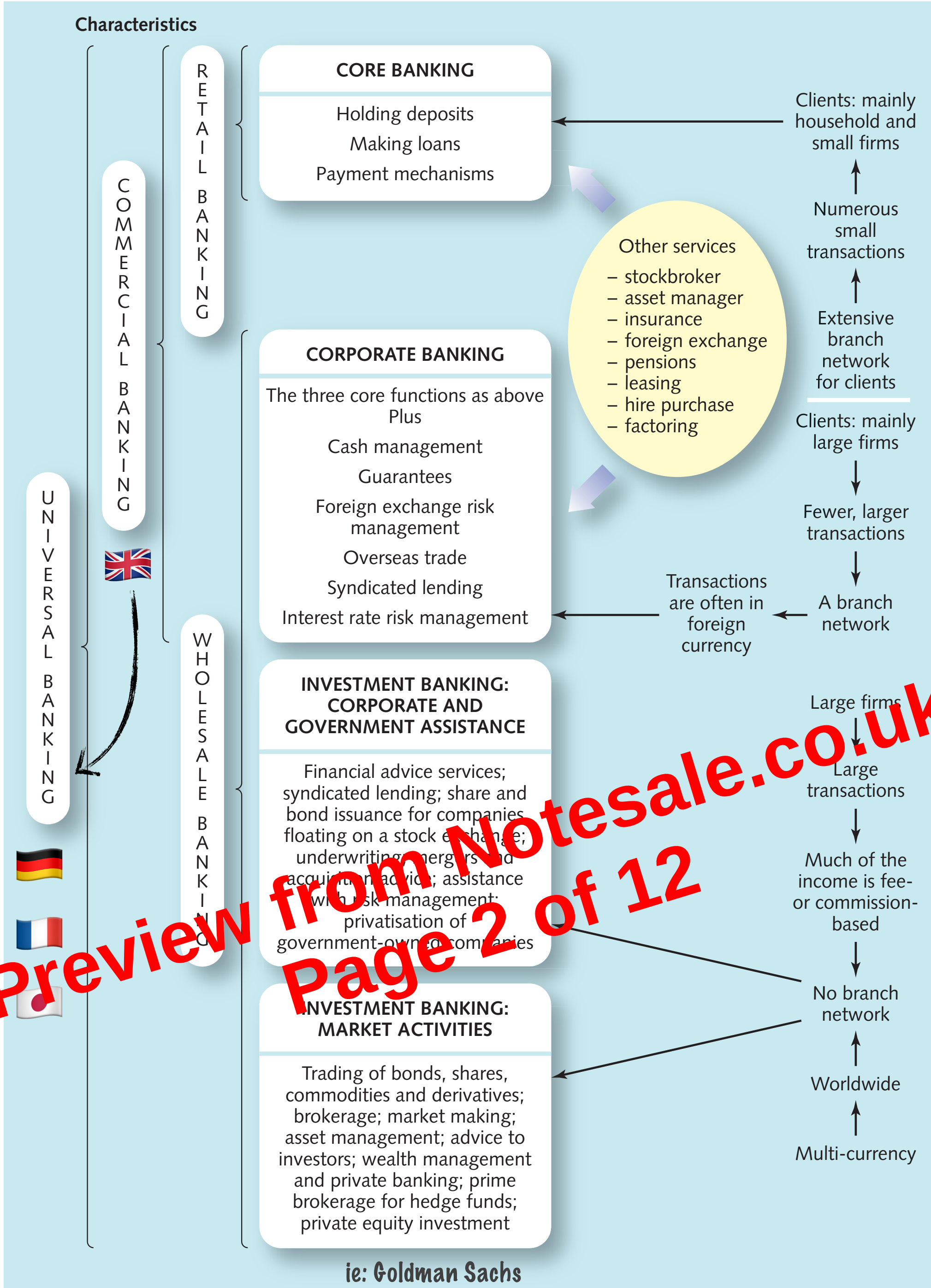
- Benefits of the economy of scale
- The use by ≠ parts of the Bank of capital resources <-> against increasingly complex cultural difficulties.



- **The UK banking sector:** datas from **FCA** (Financial Conduct Authority)
  - Bank of England ≠ Fed (Federal Reserve) = central banks ; **SEC** (Securities exchange regulator in the US) ≠ **FCA** = regulators in the financial system.
  - ⚠️Not every person in the UK has a current account.
  - Current ≠ Cash account: direct use account ≠ savings
  - **Standing order**: like gym membership set up by the person himself (the person fix the payment). ≠ **Direct debit:** the company sets it up and debit directly (it can be different depending on what the company wants to charge) like the phone bill.
  - **CHAPS** ➔ have to go to the ban to transfer it.

- NIF = Note issuance facility ➔

- The arranging bank approaches over the five years, a panel of other banks to ask them to purchase the debt.
- Underwriters take a fee for guaranteeing that someone will buy the issue. Most of the time they do not have to do anything, but occasionally often when the market is troubled, they have to step in.

6. Cash management

- Banks provide daily information on the firm's cheques that have been paid and account balances so that money can be moved out of no-interest accounts if the balance starts to build up.
    - Automatically redirect money …
    - Provide software to firms to assist in handling money

7. Guarantees

- For a fee, the banks guarantees that a transaction by a 3rd party will take place or that compensation will be paid if the transaction does not take place.

8. Overseas trade

- **Letter of credit** ➔ promise from a bank that an exporter will be paid after shipping goods to an importer.
    - ≠ Guarantee. With the letter of credit, the obligation to pay is transferred to the bank, which it will do at the contracted time; even if the importer's finances are perfectly healthy and it could pay from its own resources, the bank will make the payment.
    - Naturally, the bank will expect its client (the importer) to pay the amount concerned plus some fees and interest to provide this service.
- **Forfaiting** ➔ a bank supply cash to an exporter in return for a right to claim the payments for goods or services supplied to the importer (& client of the bank). The bank advances money and gets that back with interest and fees when the importer eventually pays.

9. FOREX risk management and Interest Risk management

- There are various risk management tools that a bank can offer a cleint to mitigate these problems. Derivatives:
    - forwards
    - futures
    - options

10. Other commercial banking services