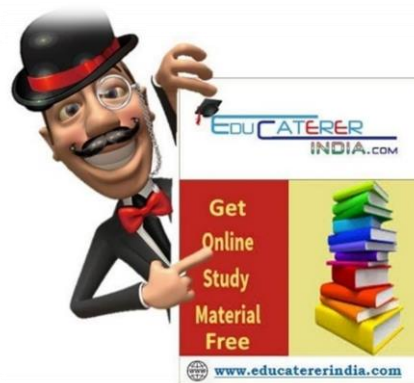


Retail Banking vs Corporate banking



INTRODUCTION TO BANKING:

In simple and easy language banking is an institution which deals with the activity of accepting deposits from the clients and lending this money to the borrowers. To accept deposit and lend it to the borrowers is a traditional activity along with this now a days banks are doing different types of banking activity.

But, all in all the banking is mainly divided two types i.e.

1. Retail banking
2. Corporate banking

RETAIL BANKING:

- Retail banking is a part of bank that directly deal with consumers or individuals, located in the nearby city
- Retail banking is an activity done by bank with the customers face to face.
- Retail banking is clear or visible face to the consumer.
- Retail banking is also named as Consumer banking or Personal banking.

- It includes the services like savings account, current accounts, different types of loan, mortgages, debit and credit card, retirement planning, certificate of deposit etc.
- For retail banking, customer deposit is the most important source of fund.
- Retail bank makes profit from the interest margin of the lender and borrower transaction.

CORPORATE BANKING:

- Corporate banking only provide services to the large business corporations and business groups.
- Corporate banking first used in United States of America to differ it from the investment banking.
- Corporate banking is also known as Business banking.
- In short corporate banking is a one type of segment that caters service to the range of clients from big corporate firm to mid-scale company.
- Corporate banking earn profit from interest and fees they charge for services.
- Corporate banking provide services like saving account, current account, loan facility like secured and unsecured and credit facility to corporates.
- It also offer some more services like Trade finance, Foreign exchange, Custody, and Derivatives.
- In short it offers a services that are tailor-made to corporate firms.

Difference between Retail banking and corporate banking

| BASIS | RETAIL BANKING | CORPORATE BANKING |
|-------------------|---------------------------|---|
| Number of clients | Large number of clients | Small number of clients as compare to retail banking. |
| Cost | Low processing cost | High processing cost |
| Relationship | Medium level of relations | High level of relations |
| Transactions | lower value transactions | Higher level value transactions |

CONCLUSION:

Both types of banking play an important role for the smooth functioning in an economy. Both offers services related to the segment oriented. They design service keep in mind the need of the clients.

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