

UNIT 2 - 10 Important Banking Terms To Remember



1) The Balance of Trade:

The difference of the country's exports and the value of its imports are known as the Balance of Trade. It normally incorporates trade in services unless mentioned as the balance of merchandise trade. It includes earnings (interest, dividends, etc.) on financial assets.

2) A Balance of Payments (BOP):

A list that states a country's transactions with other countries for a certain time period (generally 1 year). Payments into the country (receipts) are entered as positive numbers, called credits. Payments out of the country (payments) are entered as negative numbers called debts. A single number summarises the country's international transactions: the balance of payments surplus.

3) NOSTRO Account:

A NOSTRO account is one which is maintained by an Indian Bank in the foreign countries.

4) VOSTRO Account:

A VOSTRO account is one which is maintained in India by a foreign bank with their corresponding bank.

5) BCBS:

Basel Committee on Banking Supervision body is formed by the governors of the Central Bank of the ten nations group.

6) LIBOR:

The full form of LIBOR is London Interbank Offered Rate. It is the interest rate at which funds are borrowed by banks in marketable size, from other banks in the London interbank market.

7) MIBOR:

The full form of MIBOR is Mumbai Interbank Offered Rate. It is the interest rate at which funds are borrowed by banks in marketable size, from other banks in the Mumbai interbank market.

8) CASA:

CASA stands for Current Account Savings Account. The CASA ratio displays the value of deposits maintained in a bank in the form of current and saving account deposits in the total deposit. A higher CASA ratio means the better operating efficiency of the bank because on current account there is no interest payable and on the other hand 4% interest is payable by the bank in a savings account. CASA ratio shows how much of the deposit of the bank comes from the current and savings deposit. The CORE word in CBS stands for Centralized Online Real-time Exchange.

9) RAFA:

RAFA stands for Recurring Deposit Account Fixed Deposit Account. The RAFA ratio shows how much deposit a bank has in the form of Recurring and fixed deposits.

10) Demat Account:

The full form of Demat Account is Dematerialized account. This is a type of bank account for citizens in India so that they can trade in stocks or debentures which are listed in the stock market. Just as a savings account contains money saved, a demat account has stocks saved.