

# INTERNATIONAL BANKING

**Semester IV**

**Credit -3**

**Code : IB04E02**

**Hrs – 90**

## **Objectives:**

Today, Most of the business transactions cross international borders. These transactions - both at current and capital level – go through the banking system. Hence, the main objective of this course is to acquaint the students with the salient aspects of international banking operations.

## **MODULE 1**

Meaning, Scope and Importance of International Banking., Causes of Expansion of international banking – problem of international liquidity and emergence of euro markets., Major international banking centers of the world – London, New York, Tokyo, Singapore, Zurich, Frankfurt , Development of off – shore banking centers., Technological innovations and international banking- International Banking Services – Types and procedures., Investment and merchant services at International Level- Commercial Banking Services at international level-International Factoring and forfeiting.

(20 hrs)

## **MODULE 2**

Risks in international banking operations-Measurements of Forex Risk and Exposure-Management of Forex Rate Risk, transactions exposure and translations exposure-Use of derivatives for risk management-Management of Country risk, systemic risk, operational risk in International Banking.

(15 hrs)

## **MODULE 3**

Regulations of International Banking Operations - Need for regulation - Problems of Regulation - Role of Bank for International Settlements- Development of BASEL Norms – Implications of BASEL 1, BASEL II and BASEL III norms.

(15 hrs)

## **MODULE 4**

Accounting System for I.B. Operations - Forex Dealing regulations – FEMA - Nostro , vostro and loro accounts - Accounting for various banking operations--Accounting and disclosures for Forex Derivatives - Accounting problems, analysis of major bank failures – Daiwabank , Barings Bank, Lehman Brothers, J.P. Morgan.

(20 hrs)

## **MODULE 5**

English Banking System – Bank of England, Origin and growth, organizational structure, Functions, London Money Market, EURO Currency. Federal Reserve System-Origin, Organizational Structure and Working, Unit Banking and factors for its growth in USA-New York Money Market – Constituents and working-Comparison between London Money Market and New York Money Market-German Banking System: Deutsche Bundes Bank -German Central Bank- Bank of Japan- Structure and Working, Commercial Banking system of Japan, Industrial Banking in Japan – Indian Banking system – RBI

(20 hrs)

**References:**

1. *MACMILLAN; "International Banking Legal & Regulatory Aspects", Indian Institute of Banking & Finance.*
2. *JORDI Canals; "Universal Banking – International Comparisons and Theoretical Perspective", Oxford University, Oxford.*
3. *R. D. Sharma; "International Banking Contemporary Issues", Himalaya Publishing House.*
4. *A.V. RAJWADE, "Foreign Exchange International Finance Risk Management", Academy of Business Study.*
5. *Ian H. Giddy; "Global Financial Markets", A.I.T.B.S. Publishers & Distributors (Regd.)*
6. *MACMILLAN; "International Banking Operations", Indian Institute of Banking & Finance.*
7. *M. K. Lewis and K. T. Davis; "Domestic and International Banking", Heritage Publishers.*
8. *Sarkis J. Khoury; "Recent Developments in International Banking and Finance", Blackwell Publishers*