

GE7: EMERGING BANKING AND FINANCIAL SERVICES

Course Title	Total Credits	Components			Eligibility Criteria	Prerequisite if any	Department offering the course
		L	T	P			
Emerging Banking and Financial Services	4	3	1	0	Class XII Pass	NIL	Finance and Business Economics

Course Objective: The objective of this paper is to familiarize students with banking reforms in the last decade, concept of neo banks, rising issue of non-performing asset and its impact on day-to-day functioning. They will learn about financial services such as Leasing, Hire Purchase, Credit Rating, Securitization and Venture Capital Financing.

Learning Outcomes: On successful completion of his course, the students will be able to:

- Understand the relevance of financial reforms introduced in Indian banking sector.
- Understand the rising problem of non-performing assets in Indian banking sector.
- Learn the importance of neo banks and M&A in Indian banking sector.
- Understand the various financial services available in India along with the latest innovations and technological integration in the field of finance.

Course Contents:

Unit 1 (16 hours)

An overview of the Indian Banking system; Major Banking Reforms in the last decade: Payment banks, Monetary Policy Committee, MCLR Based Lending, Innovative Remittance Services; Issues in financial reforms and restructuring; Future agenda of reforms: Assessing Non- Performing Assets in Indian Banking, Previous methodologies for recovery, Impact of Gross NPAs on a bank's bottom line – burning need for bad banks, Functioning of Bad Banks, Government backing for bad banks - National Asset Reconstruction Company Ltd. (NARCL).

Unit 2 (16 hours)

Introduction to neobanks, Functions of neobanks, Operating Model of neobanks, Regulatory requirements for setting up and running neobanks, Emerging need for neobanks, neo banks vs traditional banks. Merger & Acquisition: Introduction, Benefits of mergers, Synergies accruing out of mergers, Regulatory mechanisms surrounding M&A in banking, Case-studies of recent banking mergers and related outcomes.

Unit 3 (20 hours)

Leasing and Hire Purchase: Concepts of leasing, types of leasing – financial & operating lease, direct lease and sales & lease back, advantages and limitations of leasing, Lease rental determination; Finance lease evaluation problems Lessee's angle (PV and IRR methods) and

Lessor's perspective, Hire Purchase interest & Instalment, difference between Hire Purchase & Leasing, Choice criteria between Leasing and Hire Purchase, mathematics of HP.

Unit 4

(12 hours)

Venture Capital: Concept, history and evolution of VC, the venture investment process, various steps in venture financing, incubation financing. Credit Ratings: Introduction, types of credit rating, advantages and disadvantages of credit ratings, Credit rating agencies and their methodology, International credit rating practices. Securitization: Concept and Process, Credit Enhancement parties to a Securitization Transaction, Instruments of Securitization, Types of Securities, Securitization in India.

Essential Readings:

1. Pathak, B. Indian Financial System (4th ed). Pearson Publication.
2. Khan, M. Y. (2013). Financial services. New Delhi: McGraw Hill Education.
3. Machiraju, H. R. (2002). Indian financial system. New Delhi, Vikas Publication House.

Additional Readings:

1. Verma, J. C. (1996). Bharat's manual of merchant banking: Concept, practices and procedures with SEBI clarifications, guidelines, rules and regulations. New Delhi: Bharat Law House.
2. K. Sriram: Hand Book of Leasing, Hire Purchase & Factoring, ICFAI, Hyderabad.
3. Ennew. C. Trevor Watkins & Mike Wright: Marketing of Financial Services, Heinemann Professional.

Teaching Learning Process:

Class room lecture, Numerical Problem solving, Case study discussion, Class presentation on the assigned topic by students individually or in group, Workshop, Tutorials, Role play.

Assessment

Total Marks: 100

Internal Assessment: 25 Marks

End Semester University Exam: 75 Marks

The Internal Assessment for the course may include Class participation, Assignments, Class tests, Projects, Field Work, Presentations, amongst others as decided by the faculty.

Key Words

Banking, Merger and Acquisition, Neo banks, NPA, Leasing, Hire Purchase, Credit Ratings, Securitization, Venture Capital.