

Summarize the banking system

Business



Banking System A banking system is a system whereby there is an organized network of particular s, which provide or offer financial services within a certain area or place. The banking system includes a team of members who are put in place to ensure that the best of services are offered to the community. Those involved with the system have various functions which include the taking of deposits and also lending loans to those who would like to acquire them. This service is mostly within the commercial banks. Other functions include banks which specialize in the market issues and the trading services that take place (Mullineux & Murinde, 2003).

Institutions that are concerned with this type of economic interest are the investment banks. Then there are those banks that deal with the monetary policies and the change in the value of a specific currency since trade cannot happen without the presence of currency. Such institutions are called the national central banks (Mullineux & Murinde, 2003). A trustworthy banking system is important since it assures individuals that their finances are safe and that banks are trustworthy. If an individual is going to trust the bank with their money, then the system might as well be secure, trustworthy and reliable. The banking system has evolved with time. With the presence of technology, it has become more secure, safe, trustworthy, efficient and reliable (Mullineux & Murinde, 2003). From the time there was the presence of goldsmiths to the current time where there is the modern federal banking system; there has been much change in the system.

There was a time that the main piece of trade was metal; gold, silver and bronze (Apel, 2006). Presently, the main item of trade is money. Banking in the United States is considered best since when it comes to the banking structure, it is consisted of a number of regulators. Compared to other

countries like Japan, in the U. S, banking is regulated at two levels; the federal level and the state level (Apel, 2006). In Japan, the regulation of the banking system is combined into a single financial agent. For the United States, the advantage is that the state maintains separate services ranging from security, insurance, commodity and all this is different from the banking services (Apel, 2006).

References

- Mullineux, A. W., & Murinde, V. (2003). Handbook of international banking. Cheltenham, U. K: Edward Elgar.
- Apel, M. A. (2006). The Federal Reserve Act: Making the American banking system stronger. New York: Rosen Pub. Group.