

Global positioning for financial services

Business



Economic Discussion Questions By Lecturer's and Q1. The difference was where the investment banks dealt with companies and other large institutions to help them in fund raising in the capital through the issue of stock (equity) or debts (bonds) and retail banking relates to financial services provided to consumers and is usually small-scale in nature. Investment banks used to charge fixed commission but retail banks charged interest depending on market performance. In investment banking, investors were taxed on investment income but retail banking customers were taxed on savings (BROWN, 2007).

Q2. The circular flow of income describes the reciprocal circulation of income between producers and consumers. The interdependent entities are producers, referred to as firms, and consumers, referred to as households. These entities provide each other with factors, thus facilitating the flow of income. The firms produce and supply to consumers. The consumers intend to use the goods to meet their wants (RANDALL & MILLWOOD, 1983). Consumers' expenditure is the income on the firms' side. On the other hand, households provide the firms with factors of production and in return they receive the reward which is income in their part.

Q3. The structure for financial services regulation in the United Kingdom changed tremendously 1st April 2013. The then banking regulator, the Financial Services Authority was abolished and replaced with two institutions. First, the Financial Conduct Authority; mandated with watching the behavioural conduct, mainly regulating conduct related to marketing of financial products. Secondly, the Prudential Regulation Authority; its mandate is to ensure the stability of financial services. The Bank of England was empowered to have direct supervision on the entire banking system <https://assignbuster.com/global-positioning-for-financial-services/>

through one of its part, Financial Policy committee (JOHNSON, 2000).

Reference List

BROWN, C. S. (2007). Big history: from the Big Bang to the present. New York, New Press.

JOHNSON, H. J. (2000). Global positioning for financial services. Singapore, World Scientific.

RANDALL, K., & MILLWOOD, R. (1983). Circular flow of income. Harlow, Essex, Longman.