

# Bank as financial institute overview

[Literature](#), [Russian Literature](#)



Banks are financial institutions that deal in monetary transactions. Banks form an integral part of any society. There are numerous banks located in different parts of our country. While earlier there were limited number of banks with a few branches in big cities and towns in India, a number of new banks have opened in the last few decades with branches in every nook and corner of the country. Banks provide a lot of services based on the customer's requirements. They provide locker facilities, safe deposits, ATM Services, Fixed Deposits, moneytransfer, loan for business and houses and several other monetary services to their customers.

## **Long and Short Essay on Bank in English**

Here are essay on Bank in English of varied lengths to help you with the topic whenever you required.

After going through these Bank essay, your knowledge about banks, their functioning and their usefulness will enhance and you will emerge as a knowledgeable person.

These essays will prove useful in your school or college assignments, especially for students of commerce or banking.

You can select any bank essay of your choice given below:

### **Bank Essay 1 (200 words)**

The banking system that involves accepting deposits and lending money initiated centuries back in various parts of the world. The system improvised over the time and the banks these days offer various other facilities in addition to the basic depositing and lending of money.

People are encouraged to keep their money in the banks because it is a safe and secure way to store the money. The money stored in the bank in the form of fixed deposits and recurring deposits also fetches a good amount of interest. In addition to money, one can also keep jewellery and important papers in the banklockers.

Providing loans, which is another primary function of the banks, is also beneficial for individuals and businesses in many ways. Salaried people can build their assets such as property, car, etc easily with the help of loans from the bank. Businessmen can expand their businesses with this facility. A number of other services are also provided to the businessmen to ease their financial transactions and aid in the growth of their business.

Online Banking has further enhanced the process of banking. Various banking services such as checking balance, transferring amount, applying for loan are now provided on the bank's website. All the customers require doing is opting for internet banking service.

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## **Bank Essay 2 (300 words)**

### Introduction

Banking system has been in place since centuries. The system has been prevalent in India as well as other parts of the world. Only the services provided and the functions carried out have enhanced over the time.

### History of Banks

Banking service began back in the 14<sup>th</sup> century in some parts of Renaissance Italy. It was initiated on the lines of the concept of lending and borrowing that took place among people since the ancient era. In the ancient times, the merchants gave grain loans to the traders and farmers. This was called the barter system. Over the time the system evolved to accepting deposits and lending money.

The Fuggers, the Medicis, the Berenbergs, the Rothschilds are among some of the banking dynasties that are known to play a central role in the history of banking. They dominated this sector for centuries. Modern banking services such as issuance of banknotes and reserve banking started in the 17<sup>th</sup> century. Bank of England and The Royal Bank of Scotland are some of the oldest banks in the world.

#### History of Banks in India

In India, the banking system dates back to the Vedic civilization. Loans were given to the needy in that era too only the nitty-gritty's involved in the same were different. Loans deeds in that period were known by the name rnalekhya or rnapatra.

Big businessmen and landlords gave money to the small traders and farmers on interest in the earlier times. This culture is still prevalent in some villages in the country. The lands or other valuable assets of those who were unable to pay the amount were confiscated just as the banks do these days.

The first bank established in India was the Bank of Hindustan. It was opened in the year 1770 in Calcutta. Bank of Bombay, Bank of Calcutta and Bank of Madras were set up later in the early 19<sup>th</sup> century.

### Conclusion

There are numerous types of banks in every country to cater to the needs of different customers. They provide various services and aid in the growth of the country's economy.

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## **Bank Essay 3 (400 words)**

### Introduction

A bank is an institution that accepts money deposits from the public and provides funds on credit to individuals as well as firms. These are the primary functions of a bank but not the only functions. They provide various other services to its customers such as locker facility, transfer of funds, issuance of drafts and portfolio management to name a few.

### Importance of Banks

Banks are important for the individuals as well as the development of the country's economy. Here is why these institutions are of importance:

1. Provides Safety and Security

Money kept at home is not safe. It is prone to burglary. When you keep your money in the bank, it is the bank's responsibility to safeguard it. You do not have to worry about its security.

#### 1. Encourages Saving Habits

Banks offer various schemes from time to time to encourage saving habits in people. The money put in the bank is not only saved but also grows. You have the option of withdrawing it any time you want.

#### 1. Eases Trade and Commerce

Banks promote trade within the country by providing loans and advances to the traders. It also eases the process of trading between different countries. They provide easy money transaction options to smoothen the process. It is easy to send and receive funds from anywhere with the advancement in the banking system.

#### 1. Promotes Agricultural Sector

Agricultural sector is an important part of the economy. There are special banks that provide loans to the farmers at low interest to promote agricultural activities. Banks thus aid in promoting the agricultural sector.

#### 1. Aids in Development of Industries

Banks accept deposits from individuals and businesses and provide loans to the industries. They thus aid in the development of various industries in this way. The loan can be repaid in easy instalments.

#### 1. Provides Employment Opportunities

Banks provide loans for the growth and development of the agricultural and industrial sectors. As these sectors expand, a number of employment opportunities are created for the public.

### Conclusion

Banks are an important part of any country. The modern banking services have helped in easing the process of trade, development of industries and other activities that help in the development of the country's economy.

Banks and other financial institutions that promote the growth of businesses and safeguard the money and other valuable assets of individuals are certainly play an integral role in the development of a country's economy.

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## **Bank Essay 4 (500 words)**

### Introduction

Banks play an important role in maintaining financial stability in the country. They offer numerous services to help you manage your finances better. These institutions thus form a vital part of any society.

### Functions of Banks

The functions of banks have broadly been classified into two categories. These are the primary functions and the secondary functions. Here is a look at these in detail:

### Primary Functions

Primary functions are the main functions of the banks. These include accepting deposits and providing loans. Here is a brief look at these functions:

### 1. Accepting Deposits

These deposits are basically of four different types:

**Saving Deposits:** These deposits encourage public to save money. The money can easily be withdrawn and deposited in the saving account without much restriction. The interest rate here is however quite low.

**Current Deposits:** This account is especially for the businessmen. These accounts offer facilities such as overdraft that are beneficial for the businesses. No interest is paid in this account.

**Fixed Deposits:** In a fixed deposit a considerable big amount is deposited in the account for a fixed period of time. The rate of interest is high in such deposits.

**Recurring Deposits:** A certain amount is deposited at regular intervals in such an account. The rate of interest is high. However, the amount cannot be withdrawn before a certain period.

### 1. Providing Loans

Here are the types of loans and advances offered by the banks:

**Loans:** Loans are offered for both short term and long term period. The rate of interest charged on the same varies based on the type and duration of loan. It can be repaid in instalments.



Cash Credits: The customers have the facility to take cash credit up to a certain amount which is fixed in advanced. A separate cash credit account needs to be maintained for this.

Overdraft: This facility is for businessmen. It is thus provided to the current account holders. They do not require maintaining a separate account to avail this facility.

## Secondary Functions

Secondary functions, also known as non-banking functions, are of two types. These are agency functions and general utility functions. Here is a brief look at both these types of functions:

### 1. Agency Functions

The bank also acts as an agent for its customers. A number of agency functions are performed by this institution. These include collection of cheques, periodic payments, portfolio management, periodic collections and transfer of funds. Banks also act as executors, administrators, advisors and trustees for their customers. They help their customers deal with other institutions.

### 1. General Utility Functions

Banks also perform general utility functions that include providing locker facility, underwriting of shares, dealing in foreign exchange, issuance of drafts and letter of credits, drafting project reports, undertaking social

welfare programmes such as public welfare campaigns and adult literacy programmes.

Discounting of bill of exchange is another service provided under this.

## Conclusion

While initially the functions of banks only included accepting deposits and providing loans; they have started providing various other services now. All these facilities are aimed at helping the customers with their finances.

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## **Bank Essay 5 (600 words)**

### Introduction

Banks are financial institutions that lend money and accept deposits from general public. Banks maintain the flow of money in the country and are important for its economic growth. There are different types of banks that offer different kinds of services to individuals as well as businesses.

### Types of Banks

Here are the various types of banks and their functions:

#### 1. National Banks

Also known by the name, Central or Federal bank, these banks manage the financial system of the government. These non-profit making institutes serve as bankers to the other banks. There is one Central bank in every country. Some of the functions of National banks include supervising foreign

exchange, controlling the country's currency and issuance of paper currency. They do not deal with the general public.

### 1. Retail Banks

These are the most common types of banks. These are mainly set up to focus on the requirements of the general public. They open your savings account, provide credit cards, give loans and provide locker facility among other services.

### 1. Saving Banks

These are especially established to inculcate the habit of saving money among the people. The deposits from the customers are turned into securities and bonds in these banks. These were set up way back in the 18<sup>th</sup> century in European countries. Besides, accepting deposits from individuals these banks offer various other services too.

### 1. Commercial Banks

The main aim of these banks is to aid the business class. They provide loans to the businessmen and also provide other services that are useful for the business men. Some of these services include bill of exchange, overdraft and cheque collection.

### 1. Investment Banks

These banks are also set up to aid the businesses. These banks help the businessmen establish a foothold in the financial markets. Investment banks facilitate those businessmen who require selling debt to the investors or want to go public with their business.

### 1. Land Mortgage Banks

Also known as agricultural banks or Land Development banks, these are mainly set up to aid the agricultural sector by financing it. These banks also play an important part in land development. The reason why this special category of banks has come into being is that there is a lot of risk in financing the agricultural sector and the commercial banks that support other businesses are not ready to take such risk.

### 1. Co-operative Banks

Co-operative banks provide loans to small-scale farmers, small-scale businesses and salaried people. They provide both commercial and retail services to people. These banks are registered under Co-operative Societies Act, 1912.

### 1. Consumer Banks

These banks have exclusively been set up to provide loan for purchasing durable consumer goods such as car, washing machine, refrigerator, furniture, etc. These banks give their consumers the leverage to repay loans in easy instalments. These are mostly found in first world countries.

### 1. Industrial Banks

Also known by the name Development Banks, these banks are established to aid the industrial sector. These banks accept cash by issuing shares and debentures. They provide long-term loan to the industries to help them expand and develop. Many such banks have been established in the country post independence.

## 1. Exchange Banks

These banks are particularly engaged in financing foreign trade. Some of the main functions of these banks include discounting foreign bills, purchasing and selling silver and gold and providing assistance in carrying out export and import trade.

### Conclusion

Banks are established to ease the financial issues of the general public as well as the country as a whole. Different types of banks serve different purposes and have been set up to cater to the needs of various classes.