

## Semester 6

### L3 (EEM)

**Academic year: 2022-2023**

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### Lesson 5: Banks and Finance

## **I/ Banks**

### **Introduction**

Banks are financial institutions that provide a range of services to individuals and businesses, including savings and checking accounts, loans, and investment opportunities. They play a crucial role in the economy by facilitating transactions and providing access to credit.

### **Types of Banks**

**Commercial banks:** These are the most common type of bank, providing services to individuals and businesses. They offer checking and savings accounts, loans, credit cards, and other financial services. Commercial banks make money by charging fees, interest on loans, and by earning interest on deposits.

**Investment banks:** These banks specialize in underwriting securities and helping companies raise capital through the sale of stocks and bonds. They work with large corporations and government agencies to issue securities and provide advice on mergers and acquisitions. Investment banks make money through fees and commissions.

**Central banks:** These are government-owned institutions responsible for overseeing monetary policy and maintaining financial stability in a country. They control the money supply, set interest rates, and manage the country's currency. In the United States, the Federal Reserve is the central bank.

**Retail banks:** These banks focus on providing services to individuals, such as checking and savings accounts, personal loans, and credit cards.

**Private banks:** These banks provide personalized financial services to high-net-worth individuals, such as wealth management, investment advice, and estate planning.

**Cooperative banks:** These banks are owned by their members, who are typically individuals and small businesses. Cooperative banks offer similar services as commercial banks, but with a focus on serving their local community.

**Islamic banks:** These banks operate in accordance with Islamic law, which prohibits the charging or paying of interest. Instead, they offer financial products and services that comply with Shariah law, such as profit-sharing agreements and asset-backed financing.

Each type of bank has its own unique functions and services. Understanding the different types of banks can help individuals and businesses choose the right bank for their financial needs.

### **Some relevant terminologies to “banks”**

1. **Commercial banks** - البنوك التجارية
2. **Investment banks** - البنوك الاستثمارية
3. **Central banks** - البنوك المركزية
4. **Retail banks** - بنوك التجزئة
5. **Private banks** - البنوك الخاصة
6. **Cooperative banks** - البنوك التعاونية
7. **Islamic banks** - البنوك الإسلامية

Checking account - حساب جاري

Savings account - حساب توفير

Credit card - بطاقة ائتمانية

Debit card - بطاقة مدين

Loan - قرض

Interests - فوائد

Interest rate - معدل الفائدة

Collateral - ضمان

Mortgage - رهن عقاري

Overdraft - رصيد متعثر

ATM (Automated Teller Machine) - جهاز الصراف الآلي

Online banking - الخدمات المصرفية عبر الإنترنت

Mobile banking - الخدمات المصرفية عبر الهاتف المحمول

Wire transfer - التحويل البنكي

Certificate of deposit - شهادة إيداع

Mutual fund - صندوق استثماري مشترك

Stock - سهم

Bond - سند

Investment - استثمار

Withdrawal - سحب

Deposit - إيداع

## II/ Finance

Finance is the study of money management and how it is used to make financial decisions. It is an essential part of any business, as it helps companies make informed decisions about investing, borrowing, and managing cash flow.

Here are some **key topics** that are covered in finance:

**Financial statements:** are reports that show a company's financial performance and position. They include the income statement, balance sheet, and statement of cash flows. Financial statements are used to evaluate a company's profitability, liquidity, and solvency.

**Financial ratios:** Financial ratios are used to analyze a company's financial performance. They compare different aspects of a company's financial statements, such as revenue, expenses, and assets. Some commonly used financial ratios include the current ratio, debt-to-equity ratio, and return on equity.

**Investment analysis:** is the process of evaluating investment opportunities. It involves analyzing the risks and returns associated with different investments, such as stocks, bonds, and mutual funds. **Capital budgeting:** Capital budgeting is the process of evaluating and selecting long-term investments. It involves analyzing the costs and benefits of different investment opportunities, such as new projects, acquisitions, and capital improvements.

**Risk management:** is the process of identifying, assessing, and managing risks that may impact a company's financial performance. It involves implementing strategies to mitigate risks, such as diversification, insurance, and hedging.

**Financial planning:** involves creating a roadmap for a company's financial future. It includes setting financial goals, creating a budget, and developing strategies to achieve those goals.

**Corporate finance:** is the study of how companies make financial decisions. It includes topics such as capital structure, dividend policy, and mergers and acquisitions. Understanding finance is critical for individuals and businesses to make informed decisions about investing, borrowing, and managing cash flow.

By learning these financial areas, individuals and businesses can make better financial decisions and achieve their financial goals.

### Arabic terminologies translations relevant to finance

Financial statements - البيانات المالية

Balance sheet - الميزانية العمومية

Income statement - كشف الدخل

Cash flow statement - كشف التدفقات النقدية

Financial ratios - مؤشرات مالية

Current ratio - نسبة التداول

Liquidity السيولة

Debt-to-equity ratio - نسبة الدين لحقوق الملكية

Return on equity - عائد على حقوق المساهمين

Investment analysis - تحليل الاستثمار

Mutual funds - صناديق الاستثمار المشتركة

Capital budgeting - تخطيط الميزانية الرأسمالية

Risk management - إدارة المخاطر

Diversification - تنويع الأوراق المالية

Insurance - التأمين

Hedging - التحوط

Financial planning - التخطيط المالي

Budget - الميزانية

Corporate finance - تمويل الشركات