

Banking

* A commercial bank is an institution which performs the function of accepting deposits, granting loans and making investment with the aim of earning profits. It means, a financial institution can be a banking institution, only when it performs the functions of accepting deposits and advancing loans.

* Demand deposits -

* Demand deposits refers to those deposits which are repayable by the banks on demand.

* They are chequeable deposits.

* Demand deposits do not carry any interest.

* The depositor can make any number of transactions for deposits and withdrawal of money.

* We are doing some in current account operations in the bank.

** Time deposits or fixed deposits.

* fixed deposits refers to those deposits which are made for a fixed period of time.

* These are non chequeable deposits.

* fixed deposits carry interest which varies directly with the period of time.

* Depositors generally makes only two transactions for deposits of money on maturity.