# Quinte Financial Technologies | FinTech Solutions

**Assignment on**

**STRUCTURE OF U.S. BANKING SYSTEM**

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# Structure of U.S. Banking System

The U.S. banking system is a complex and multifaceted structure, composed of various institutions and regulatory bodies that ensure its stability and functionality. It took root in the 1780s, coinciding with the nation's establishment. Over time, it has evolved into an intricate and influential network of banking and financial services. With New York City and Wall Street serving as its hub, the system revolves around various financial services, including private banking, asset management, and deposit protection mechanisms.

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## Types of Banking Institutions

| **Type of Institution** | **Definition** | **Services** | **Membership/Advantages** |
| --- | --- | --- | --- |
| **Commercial Banks** | Financial institutions that accept deposits, offer checking and savings accounts, and provide loans. | Personal and business loans, mortgages, credit cards, checking and savings accounts. | General public |
| **Savings and Loan Associations (S&Ls)** | Institutions that primarily focus on accepting savings deposits and making mortgage loans. | Home financing, savings accounts, now also offer similar services to commercial banks. | General public |
| **Credit Unions** | Member-owned financial cooperatives that provide traditional banking services. | Checking and savings accounts, loans, credit cards, mortgages. | Restricted to specific groups (e.g., employees, residents). |
| **Investment Banks** | Institutions that assist in the issuance of new securities, provide advisory services, and engage in trading and market-making activities. | Underwriting, mergers and acquisitions (M&A) advisory, trading, market-making. | Businesses, governments, institutional clients |
| **Online Banks** | Financial institutions that operate primarily over the internet. | Checking and savings accounts, loans, credit cards, sometimes investment services. | Higher interest rates on deposits, lower fees due to reduced overhead costs. |

## Regulatory Bodies

| **Regulatory Body** | **Role** | **Functions** |
| --- | --- | --- |
| **Federal Reserve System (The Fed)** | The central bank of the United States, responsible for monetary policy, regulation of banks, and maintaining financial stability. | * Regulates the money supply * Sets reserve requirements * Supervises and regulates banks * Provides financial services * Acts as a lender of last resort |
| **Office of the Comptroller of the Currency (OCC)** | A federal agency that charters, regulates, and supervises all national banks and federal savings associations. | * Ensures the safety and soundness of the national banking system * Enforces banking laws and regulations |
| **Federal Deposit Insurance Corporation (FDIC)** | An independent agency that insures deposits at banks and thrift institutions. | * Insures deposits up to a certain limit * Examines and supervises financial institutions for safety and soundness * Manages receiverships of failed banks |
| **Consumer Financial Protection Bureau (CFPB)** | A federal agency that ensures consumers are treated fairly by banks, lenders, and other financial institutions. | * Regulates consumer financial products and services * Enforces consumer protection laws * Educates consumers |
| **Securities and Exchange Commission (SEC)** | A federal agency that oversees securities markets and protects investors. | * Enforces securities laws * Regulates securities industry * Ensures transparency and fairness in the securities markets |

## Banking Activities and Services

|  |  |  |
| --- | --- | --- |
| **Activity/Service** | **Types/Services** | **Function** |
| **Deposits** | * Checking accounts * Savings accounts * Certificates of deposit (CDs) | Provide a safe place for customers to store their money and earn interest. |
| **Loans** | * Personal loans * Business loans * Mortgages * Auto loans * Student loans | Provide funds for individuals and businesses to invest, spend, and grow. |
| **Payment and Settlement Services** | * Wire transfers * ACH transactions * Check clearing | Facilitate the transfer of funds between parties and ensure timely settlement of transactions. |
| **Wealth Management and Investment Services** | * Financial planning * Investment advisory * Retirement planning * Estate planning | Help clients manage their assets and achieve their financial goals. |
| **Foreign Exchange Services** | N/A | Facilitate currency exchange for businesses and individuals involved in international transactions. |

## Financial Markets and Instruments

|  |  |  |
| --- | --- | --- |
| **Market** | **Definition** | **Instruments** |
| **Money Market** | The market for short-term debt securities. | * Treasury bills * Commercial paper * Certificates of deposit |
| **Capital Market** | The market for long-term debt and equity securities. | * Stocks * Bonds * Debentures |

## Innovations in Banking

|  |  |  |
| --- | --- | --- |
| **Innovation** | **Definition** | **Examples/Impact** |
| **Fintech** | Technology-driven financial services and products. | * Mobile banking apps * Peer-to-peer lending platforms * Robo-advisors |
| **Cryptocurrencies and Blockchain** | Changing the landscape of payments, investments, and banking with decentralized digital currencies and secure, transparent transaction ledgers. | N/A |

Thank You