**Chapter 0:**

Forces reshaping the bank industry:

* Market share plunging (下降)
* Consolidating
* Globalization
* Intense Competition
* Converging
* Technological revolution
* Financial crisis

Absolute: A universal bank is a **financial institution** that offers the **widest range of** financial services-----especially **credit, savings, payment services**------and performs the **widest range of** financial functions in the economy.

Here are the financial functions:

* The Thrift Function (储蓄,the same as savings above)
* The Credit Function (信用, the same as credit above)
* The Payment Function (支付,the same as payment services)
* The Financial Planning Function (the process of determine the required capital and financial policies in regard to procurement and investment确定所需的资金和资金的结构与用途等)
* The Cash Management Function (help corporate to ensure its financial stability and solvency,帮助企业进行短期投资，并保证现金流的稳定和偿付能力)
* The Real Estate and Community Development Function

The real estate developers buy lands and design the building and construct the building and at the end own profits. They have different counterparts including architects, city planners, engineers, lawyers, etc.

**What’s that???**

* The Investment Banking Function

Investment Banking叫做投资银行业务，including underwriting of new stock issues, handling mergers and acquisitions, and acting as a financial advisor.金融顾问

* The Security Brokerage Function

证券经纪业,become a broker, 拉皮条的

* The Insurance Function

**Chapter 1: An introduction to the business of banks**

The many different roles banks play in the economy :（并解释意思）

* **The intermediation role**
* **The payments role**
* **The guarantor role**
* **The agency role**
* **The policy role**
* **The risk management role**
* **The saving/investment advisor role**
* **The safekeeping/certification of value role**

The role of banks in theory:

Banks---->financial intermediary------>sell financial services

|--------->surplus-spending individuals and institutions

|-------- >deficit-spending individuals and institutions

|--------->existence conditions: 1. positive spread. 2. Deposit rate↑loan rate↑(positive correlation)

But if financial market is extremely efficient, why banks exist? Reasons:

* Imperfections in the financial market system (比如入市门槛)
* Banks can accept risky loans from borrowers and issue risk-free securities to depositors (因为大数定律the law of big number)
* Banks can satisfy the strong need of many customers for liquidity
* Superior ability to evaluate information
* Banks have delegated monitoring function (Banks can read financial statements as they wish)