**BANK:**

Banker means a person transacting the business of accepting for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, payable to order or otherwise;

**Essential to be Called Banker:**

1. No individual, but only a firm or a company is permitted to act as a bank.
2. An individual Is not allowed to act as a bank and he cannot use this term in his name. A firm consisting of not more than 10 partners and a company incorporated companies act
3. Moneylenders are not banker. The definition of the banker does not include moneylender or mahajana or sahukar. The main reason for this is they either act as individuals or group of individuals and not as a company registered under the provision of the companies Act
4. Every institution doing business of banking must accept the deposit of money. The deposit of money must be from the public and should not be confine to the deposits from their member only.
5. An institution accepting deposits of money without any purpose or with the purpose other than lending and investment cannot be termed as a bank.
6. Deposit of money may be repayable either on demand or if they are term deposits on the expiry of the stipulated term or period.
7. The deposit of money withdrawable by cheque, draft order or otherwise.

The above exposition covers only a very limited aspect of banking because modern banking companies perform much more function all over the world.

**CUSTOMER:**

a person becomes a customer of a bank when he goes to the bank with money or a cheque and asks to have an account opened in his name, and the bank accepts the money or cheque and is prepared to open an account in the name of that person; after that he is entitled to be called the customer of bank. It is further added, “ I think such a person becomes a customer the moment the bank receives the money or cheque or agrees to open an account.”

**Essential to be Called Customer:**

The relationship of the banker and the customer is purely a contractual one. Therefore any person who is capable of entering into a contract can be a customer.

1. He should be a minor and must have attained the age of majority, because a minor is not competent.
2. He should be a person of sound mind. If not so, he is incompetent to contract
3. He should not have been debarred from entering into any contract under any law.
4. Like any other valid contract the depositor offers money and the banker offer to accept his deposits, and the customer in acceptance of this offer deposits his money.

**Type of Banker and Customer Relations:**

1. Debtor and Creditor
2. Creditor and Debtor
3. Principal and Agent
4. Bailor and Bailee
5. Mortgagor and Mortgagee
6. Pledger and Pledgee

**Debtors and Creditors:**

When a customer deposits money with his bank, the customer becomes a lender and the bank becomes borrower. The money handed over to the bank is a debt. The relationship is that of a debtor and creditor.

The features of this relationship are

1. The money is lent to the bank and the bank is free to use it in a way most beneficial to it. The bank is not bound to keep such money.
2. Demand of payment should be made by the customer. The banker is not required to repay debt voluntarily unlike in the case of commercial debt.
3. Demand should be made at the branch where the account exists.
4. The demand should be made in proper manner.
5. In this case the creditor (Customer) does not call for any security from the debtor (Bank) as in the case of commercial debts.

**Rights and Duties of a Customer Towards the banker**

**Rights**

1. To draw cheques against his credit balance, or in the absence of credit balance, when there are arrangement for accommodation made with the banker earlier.
2. To receive a pass book or a statement containing a copy of his account with the banker. In case he find any over-crediting or over-debiting in his account he has a right to set it corrected.
3. Tosue the bank for the cost , loss and damages when his cheque is wrongfully dishonored.
4. To sue when the banker has not maintained the secrecy of his account.

**Duties:**

1. Presentation of cheques within banking/business hours
2. Cheque presented within reasonable time of issue
3. Reasonable care in writing cheques
4. Keep his Cheque Book under lock and key so that no unauthorized person gets access to it.

**Scope of Banker Customer Relationship**

**Creditors and Debtors:**

When the bank lends money to the Customer, the Customer is the borrower and the bank is the lender. The relationship therefore is that of a Creditor and Debtor. Banker relationship with the Customer reverses as soon as the Customer’s account is overdrawn. This relationship continues in that capacity till the entire overdrawn is repaid. Secondly, this relationship comes in existence when baker lends money as loan to its customer.