Bank Departments

* Operations/ Customer Service Dept.:

Major basic function of every bank is accepting deposits from public and lending to needy sector-manufacturing, trading, agriculture & implement social schemes of the Govt. customer service.  For this purpose, Banks open many branches to widen their network to ensure delivery of quality, best customer service to suit the needs of its valued customers so that their reach is wider and develop their business operations. Banks have varied products to suit to different segments of the society - Senior citizens, Women, Child, Student etc.

* Treasury/ Forex Management Dept.:

Banks have integrated domestic treasury/ forex management to have more synergy in their operations. This department takes care of maintenance of statutory liabilities as prescribed RBI like CRR, SLR. For this purpose, banks invest in Govt securities, bonds, corporate bonds, Treasury bills.  Also Forex needs of its high value customers, export units is managed by this department.

* Risk Management Dept.:

Post globalization, this department has become more vital as it has to ensure that portfolios of banks are balanced in terms of risks perception.  Credit, Marketing, financial & Operational risk factors are kept under watch & monitored so that bank is well managed & conforms to global norms prescribed by Basel.  Generally, it is under the direct control of Top Management.

* Inspection Dept.:

Internal control plays a major role & credibility of a bank is judged by number of financial frauds/ losses.   Bank management is more man management.     Bank conducts number of audits like concurrent audit, credit audit, internal audit is conducted at its branches depending upon the risk profile of each branch to ensure there is sufficient exercise of internal control & functioning of branch conforms to rules, systems & procedures.  In addition to internal audit by bank's staff/ officers, RBI & Statutory audit is conducted once in a year in all the major branches of the bank.

* Information Technology Dept.:

Post computerization, all banks have this department manned by technically qualified professionals to take care of its operations in core banking, introducing latest technology products like mobile banking, net banking with security features. Gone are the day’s customer has to visit banks personally for their financial dealings. ATM /CDM are installed in major cities, places by most of the banks to facilitate their customers to withdraw anytime & to deposit cash beyond the business hours of the bank.  This has enabled business/ trading community to a large extent as they can deposit their excess cash daily into their account even after 7 or 8 pm closure of their business & the amount is accounted in to their account on the same day safely & securely.

* Personnel/ HRD dept.:

Role of this dept. is to recruitment of manpower, parting training into general banking, identification of vacancies, updating existing employees with latest technology, motivating employees to give better service to their customers etc.

The internal structure of a typical commercial bank generally consists of 10 different departments. These include retail banking, loan servicing, wealth management, investment banking, deposit operations, wire transfer operations, cash management, electronic banking, commercial banking and mortgage banking.

Tellers, loan officers and customer service managers work within retail banking. These banking professionals help customers with savings and checking accounts, personal loans, credit cards, debit cards and mortgages. Loan servicing agents handle individual and business loan payments and collections, while wealth management professionals help the bank's customers with financial planning and investment portfolio management services.

Deposit operations managers handle account set-up and maintenance duties, while wire transfer operators ensure that paperless, computerized account transactions are adequately processed. The cash management department ensures the bank has enough liquid assets to meet scheduled obligations. They also select short-term investment opportunities that the bank can liquidate quickly for additional cash flow when necessary.

A bank's electronic banking department is responsible for the set-up and maintenance of the bank's online financial transactions. Some employees in this market are computer hacking specialists that protect the bank's databases from being accessed by unauthorized personnel.

The mortgage banking department of a bank helps borrowers secure loans for homes and investment properties. This department also manages all of the loan payments and provides customer service to the bank's mortgage customers.

# Chapter II. Bank Departments And Operations. Duties And Responsibilities

Subject to governmental authority - National or State, according to its charter - the management of any [bank](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Foreign-Department-Liabilities.html#banks) is vested in its board of directors. Such directors are elected by the stockholders. The directors elect the officers, president, vice-president, cashier and assistant cashier, who are the executive heads of the institution and are charged with the duty of administering its affairs. The number of vice-presidents and assistant cashiers depends upon the size of the bank. The directors may also appoint committees - such as a [discount](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Chapter-IV-Promissory-Notes-And-Discount-What-Is-A-Promiss.html) committee, an executive committee, and an examination committee - that the business of the bank may seem to require. According to the character of their duties and responsibilities, bank officers and employees may be classified as (1) executives, (2) tellers, (3) bookkeepers. Whenever it becomes necessary, on account of volume of business, to divide the work in a bank into [divisions](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Division-Or-Department-Proofs.html), each employing a group of clerks, such divisions are organized into departments each having a department head, who is usually a teller, a head bookkeeper, or perhaps a junior officer. In the very large banks the executive staff is itself organized into groups, and there may be a vice-president and one or two assistant cashiers in charge of each important department. The work of a department in a large bank is nothing more nor less than the work of a single man in a small bank apportioned among several men. The departments into which a medium sized bank is ordinarily divided are as follows:

(1) [Receiving Teller's Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Receiving-Teller-s-Department.html) (Teller) - Receives, [receipts](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Receipts.html) for and proves [deposits](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Chapter-III-Deposits-And-Checks-What-Is-A-Deposit.html), distributes checks to bookkeepers and other departments, prepares [exchanges](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Chapter-VI-Exchanges-And-Transfers-Clearings-And-Clearing.html) for clearing houses, and turns [cash](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Cash-11.html) [over](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Overs-And-Shorts-45.html) to the paying teller at end of day.

(2) [Transit Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Transit-Department.html) (Teller) - The transit department may be a subdivision of the receiving teller's department and was formerly known by other terms, such as correspondence, foreign check, miscellaneous check or country check department. This department assorts checks and other [cash items](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Cash-Items-14.html) payable out of town, indorses them and lists them on letters addressed to [other banks](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Foreign-Department-Assets.html#other_banks). It gives totals of outgoing or remittance letters to general ledger bookkeeper at end of day. This department often keeps the records of exchange charged on out-of-town checks, and of delayed [credits](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Debits-And-Credits.html) on [interest](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Interest.html) balances made necessary because of uncollected funds deposited.

(3) [Paying Teller's Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Paying-Teller-s-Department.html) (Teller) - Pays or certifies checks, is in charge of the signature book or cards bearing the authorized signatures of all [depositors](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Receiving-Teller-And-Depositors.html), ships currency, is in charge of the vault cash, and makes up payrolls.

(4) [Note Teller's Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Note-Teller-s-Department.html) (Teller) - Collects notes and [drafts](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Chapter-V-Drafts-And-Acceptances-What-Is-A-Draft.html) due at the bank or elsewhere in the city. It is usually in charge of the runners or [messenger](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Messengers-And-Other-Bank-Men.html) department, which is a subdivision, and it usually receives deposits made by other banks, and may perform the functions of a [mail teller](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Note-Teller-And-Mail-Teller.html).

(5) [Collection Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Collection-Department.html) (Teller) - Collects notes, drafts and other "time" items when payable out of town, and credits accounts of depositors when [collections](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Exchange-Or-Collection.html) are advised paid.

(6) [Loan](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Debit-Balances.html#loans) or [Discount Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Loan-Or-Discount-Department.html) (Executive) - Receives notes submitted for discount or makes loans, figures discount and interest, and has charge of collateral securing loans.

(7) [Credit Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Credit-Department.html) (Executive) - Secures and collects information relating to borrowers, checks statements submitted by them, and is in charge of credit files, which contain information as to the reliability, business habits and financial strength of borrowers.

(8) Analysis or Statistical Department (Executive) - This department is usually found in city banks. It analyzes the accounts of depositors to determine which are profitable and which are losing accounts, makes monthly reports to officers, is in charge of statistics relating to the bank's accounts and matters in which the bank is particularly interested. It is closely related to the transit department.

(9) [General Ledger Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/General-Ledger-Department.html) (Bookkeepers) - Keeps the general or [control](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Control-And-Auxiliary-Accounts.html) accounts of the bank, and makes up the bank's [statement of condition](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Daily-Trial-Balance-Or-Statement-Of-Condition.html).

(10) Country Bank Account Department (Bookkeepers) - This department is confined to city banks. It keeps the accounts of other banks.

(11) [Individual Ledger Department](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Individual-Ledger-Department.html) (Bookkeepers) - Keeps the records of the balances of individual depositors and figures interest on accounts. It may be subdivided as to kind of accounts (savings, dealers), in addition to ordinary alphabetical division, and may balance pass-books or there may be a separate department for this purpose using the statement system.

(12) [Auditor](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/The-Auditor.html)'s Department (Executive) - This department is responsible for the settlement of the various departments, reconciles the accounts with other banks, and certifies interest calculations.

In addition to these departments, there are others to be found either in very large banks or even in small banks operating special features. Among the first might be noted the coupon department, exchange department, purchasing department, filing department, interest department, new business department, etc., all of which terms are self-explanatory. Among special departments may be mentioned the foreign exchange department, the [bond](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Transactions-In-Securities-Other-Than-U-S-Bonds-7.html) department, safety deposit department, special [deposit](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Deposit-And-Withdrawal-Procedure.html) department (securities and valuables stored with the bank, but not placed in private boxes). In trust companies there is the trust department, which may have a complete independent organization of its own, with officers, bookkeepers and other clerks. This department has charge of the trust accounts.

Read more: <http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Chapter-II-Bank-Departments-And-Operations-Duties-And-Resp.html#ixzz4DfHiNF58>

**Accounting Department Responsibilities in Detail**

1. **Accounts Payable (money out)** – In order to maintain great relationships with vendors  making sure that everyone gets paid on time is a vital role. The role of the accounting department includes keeping an eye on opportunities to save money, for example, determining if there are discounts or incentives available for paying certain vendors more quickly.  At the very least, AP should be scheduled to assure that the least amount of money has to go out per payment, i.e., no late payment charges!
2. **Accounts Receivable and Revenue Tracking (money in)** – Another critical duty of the accounting department is to account for and track receivables, including outstanding invoices and any required collection actions. Accounts receivable is responsible for creating and tracking invoices.  The responsibility here includes assuring that customers pay those invoices on time, so a system of *friendly reminders* is crucial.
3. **Payroll** – Payroll is a critical function of the accounting department and includes making sure all employees are paid accurately and timely. In addition, proper tax is assessed and tax payments are on time with state and federal government agencies.
4. **Reporting and Financial Statements** – The primary reason you collect data properly in your accounting software is to prepare financial reports that can be used for budgeting, forecasting and other decision making processes. In addition, these and other reports are needed for communication to investors, banks and other professionals that play a role in the growth of your business.
5. **Financial Controls –** Financial controls include reconciliations, dividing the responsibilities and following the GAAP standards of accounting principles, all of which are implemented with view toward compliance, fraud and theft prevention.  The role of the Controller is to ensure procedures are set up properly to manage that process without errors.

# Bank Manager Responsibilities and Duties

Develop strategies and operational logistics for the bank’s huge success.  
Lead, guide and direct banking operations through bank managerial duties.  
Build good relationships with customers and other financial institutions.  
Develop and promote attractive products and services to customers.  
Lead and guide banking staff in their day to day operations and tasks.  
Ensure that bank records and statements are properly handled and maintained.  
Create and develop various databases relating to banking operations.  
Prepare annual operational and expenditure budgets for the bank.  
Ensure daily reconciliation of banking records to match cash transactions of the day.  
Ensure the highest degree of banking services to customers.

# Statement Of Account

This is a duplicate of the ledger account prepared daily and completed on the last day of the month, or at some other regular time as may be determined by arrangement with the [depositor](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Receiving-Teller-And-Depositors.html). The depositor is expected to call for this shortly thereafter. If he does not do so it may be mailed to him. It lists the amounts deposited and the [checks](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Chapter-III-Deposits-And-Checks-What-Is-A-Deposit.html) drawn by the depositor which the [bank](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Foreign-Department-Liabilities.html#banks) has paid during the month, and then shows how much of a balance the depositor has - that is, for how much he may still draw on the bank. [Bankers](http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Foreign-Department-Assets.html#bankers) usually require the depositor to acknowledge, by his signature, that he has received the statement, and there is also usually a stipulation that if it is not objected to within a certain number of days the account will be considered correct. Most banks use the monthly statement of account. With other banks the customer must present his pass book to be "written up," showing checks paid and balance forwarded. It is often necessary under this system to notify and urge customers to bring in their books.

### treasury Management In Bank

1. 1. • The treasury department of a bank is responsible for balancing and managing the daily cash flow and liquidity of funds within the bank. The department also handles the bank's investments in securities, foreign exchange, asset/liability management and cash instruments. • What Does Treasury Department Do in a Bank?
2. [2.](http://image.slidesharecdn.com/akki-140225032140-phpapp01/95/treasury-management-in-bank-2-638.jpg?cb=1393298585) Treasury Management • Treasury generally refers to the funds and revenue at the disposal of the bank and day-to-day management of the same. • The treasury acts as the custodian of cash and other liquid assets. • The art of managing, within the acceptable level of risk, the consolidated fund of the bank optimally and profitably is called Treasury Management. • It is the window through which banks raise funds or place funds for its operations.
3. [3.](http://image.slidesharecdn.com/akki-140225032140-phpapp01/95/treasury-management-in-bank-3-638.jpg?cb=1393298585) Functions of an integrated treasury • Reserve Management and Investment • Liquidity and Funds Management • Asset-Liability Management • Risk Management • Transfer Pricing • Derivatives Trading • Arbitrage • Capital Adequacy
4. [4.](http://image.slidesharecdn.com/akki-140225032140-phpapp01/95/treasury-management-in-bank-4-638.jpg?cb=1393298585) Structure of an integrated treasury
5. [5.](http://image.slidesharecdn.com/akki-140225032140-phpapp01/95/treasury-management-in-bank-5-638.jpg?cb=1393298585) Structure of an integrated treasury • The treasury department is manned by the front office, mid office, back office and the audit group. In some cases the audit group forms a part of the middle office only. • The dealers and traders constitute the front office. In the course of their buying and selling transactions, they are the first point of interface with the other participants in the market (dealers of other banks, brokers and customers). • They report to their department heads. They also interact amongst themselves to exploit arbitrage opportunities.
6. [6.](http://image.slidesharecdn.com/akki-140225032140-phpapp01/95/treasury-management-in-bank-6-638.jpg?cb=1393298585) Structure of an integrated treasury • A mid office set up, independent of the treasury unit, responsible for risk monitoring, measurement analysis and reports directly to the Top management for control. • This unit provides risk assessment to Asset Liability Committee (ALCO) and is responsible for daily tracking of risk exposures, individually as well as collectively. • The back office undertakes accounting, settlement and reconciliation operations. • The audit group independently inspects/audits daily operations in the treasury department to ensure adherence to internal/regulatory systems and procedures.

### The TRESAURY department of a bank

**The treasury department occupies a central role in the finances of the modern corporation. It takes responsible for the company’s liquidity—ensures that a company has enough cash available at all times to meet the needs of its primary business operations. It sounds easy, right? In fact it is not**.

Advertisement

To really meet the goal, a treasury department would need to perform the following roles over time:

### Treasury Role-1. Cash Forecasting

This is the beginning of all other roles carried on the operation of a treasury department. Dislike the accounting staffs who handle the cash receipt and disbursement activities on daily basis, treasury staffs need to draw all those accounting staffs records (within the organization including its subsidiaries if any), and compile it to generate a cash forecast (short and long-range). The forecast and all its components are needed to:

* determine if more cash is needed. If that is the case, then they can go on to plan for fund inquiry either through the use of debt or equity.
* plan for [investment](http://accounting-financial-tax.com/tag/investment/) purposes, if the forecast results in surplus and cash excess shows up.
* plan its hedging operations by using the information at the individual currency level.

### Treasury Role-2. Working Capital Management

Major usage of company’s cash is in the working [capital](http://accounting-financial-tax.com/tag/capital/) area. Working capital is a key component of cash forecasting. It involves changes in the levels of current assets and current liabilities in response to a company’s general level of sales. The treasurer should be aware of working capital levels and trends, and advise management on the impact of proposed policy changes on working capital levels.

### Treasury Role-3. Cash Management

Combining information in the cash forecast and working capital management activities, [Treasury](http://accounting-financial-tax.com/tag/treasury/) staff is able to ensure that sufficient cash is available for operational needs.

### Treasury Role-4. Investment Management

When the forecast shows some excess funds at, the treasury staffs are responsible for the proper investment of it. Three primary [goals](http://accounting-financial-tax.com/tag/goals/) of the role are: (a) maximum return on investment; (b) matching the maturity dates of investments with a company’s projected cash needs; and most importantly is (c) not putting funds at risk.

### Treasury Role-5.Treasury Risk Management

The treasury staffs are also responsible to create risk management strategies and implement hedging [tactics](http://accounting-financial-tax.com/tag/tactics/) to mitigate the whole company’s risk—particularly in anticipating (a) market’s interest rates may rise and leave the company pays on its debt obligations; and (b) company’s foreign exchange positions that could also be at risk if exchange rates suddenly worsen.

### Treasury Role-6. Credit Rating Agency Relations

A company may issue marketable debt. In this case a credit rating agency will review the company’s financial condition and assign a credit rating to the debt. The treasury staff would need to show quick responds to information requests from the credit agency’s review team.

### Treasury Role-7. Bank Relation

A long-term relationship can lead to some degree of bank cooperation if a company is having financial difficulties, and may sometimes lead to modest reductions in bank fees. The treasurers should therefore, often meets with the representatives of any bank that the company uses to: discuss the company’s financial condition, the bank ’ s fee structure, any debt granted to the company by the bank, and foreign exchange transactions, hedges, wire transfers, cash pooling, and so on.

### Treasury Role-8. Fund Raising

Maintaining an excellent relations with the investment community for fund raising purposes, is important—from the (a) brokers and investment bankers who sell the company’s debt and equity offerings; to the (b) the investors, pension funds, and other sources of cash, who buy the company’s debt and equity.

Other than those main roles, fundamentally the treasury staffs also monitor market conditions constantly, and therefore is an excellent resource for the management team should they want to know about interest rates that the company is likely to pay on new debt offerings, the availability of debt, and probable terms that equity investors will want in exchange for their investment in the company.

If a company engages in mergers and acquisitions on a regular basis, then the treasury staff should have expertise in integrating the treasury systems of acquirees into those of the company. Another activity is the maintenance of all types of insurance on behalf of the company.

Read more: <http://chestofbooks.com/finance/banking/Elementary-Banking-AIB/Statement-Of-Account.html#ixzz4DfNVqYMx>

# How do banks function?

At the high level:

1. Accept customer deposits and pay X% on those deposits
2. Lend out those deposits (actually a significant amount greater than those deposits) to customers at Y%
3. Collect the spread (Y-X%)

This is a very basic, traditional bank model. In reality, large banks are very complex financial institutions that have a number of sources of funding beyond customer deposits and a number of avenues to deploy their capital beyond basic retail/commercial lending.

How does compound interest work in banks?

[Robert Singarella Jr.](https://www.quora.com/profile/Robert-Singarella-Jr), Degree in physics, currently studying quantitative analysis

203 Views

You put $1.00 in a savings account with an annual rate of 5%\* and let's say it pays the interest you earn at the end of the year. In one year you have $1.05 in your account, or in other words, you earned $0.05 in interest. Now, that money remains in the account for another year. So you earned 5% on $1.05, that's $0.0525. So at the end of the second year you have $1.1025 in the account. Even though you earn 5% each year, it compounds because you earn interest on the past interest payments. Does that make sense.  
  
\*Yes, I know 0.07% is more realistic for a savings account these days.

Differences between two dates in php

//Our dates

$date1 = "2013-03-01 19:12:45";

$date2 = "2014-03-01 06:37:04";

//Convert them to timestamps.

$date1Timestamp = strtotime($date1);

$date2Timestamp = strtotime($date2);

//Calculate the difference.

$difference = $date2Timestamp - $date1Timestamp;

echo $difference;

OOP

$date1 = new DateTime("2011-07-06");

$date2 = new DateTime();

$diff = $date2->diff($date1)->format("%a");

echo $diff;

Human readable format

$then = '2005-09-01 09:02:23';

$then = new DateTime($then);

$now = new DateTime();

$sinceThen = $then->diff($now);

//Combined

echo $sinceThen->y.' years have passed.<br>';

echo $sinceThen->m.' months have passed.<br>';

echo $sinceThen->d.' days have passed.<br>';

echo $sinceThen->h.' hours have passed.<br>';

echo $sinceThen->i.' minutes have passed.<br>';