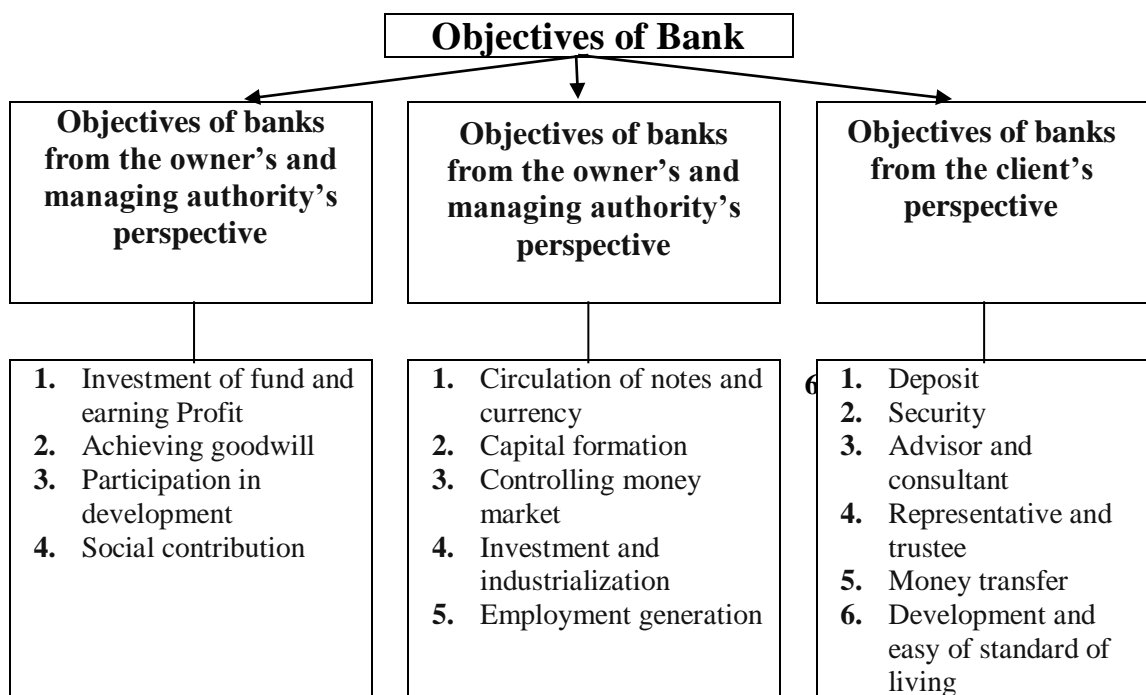


**Important Topics Exposition:**

*[The important information of this chapter has been provided here at a glance.]*

**A. Objectives of Bank:**

Objectives of banking differ from one another due to the difference of groups involved with banking. We will now discuss the objectives of banks from the different viewpoints.



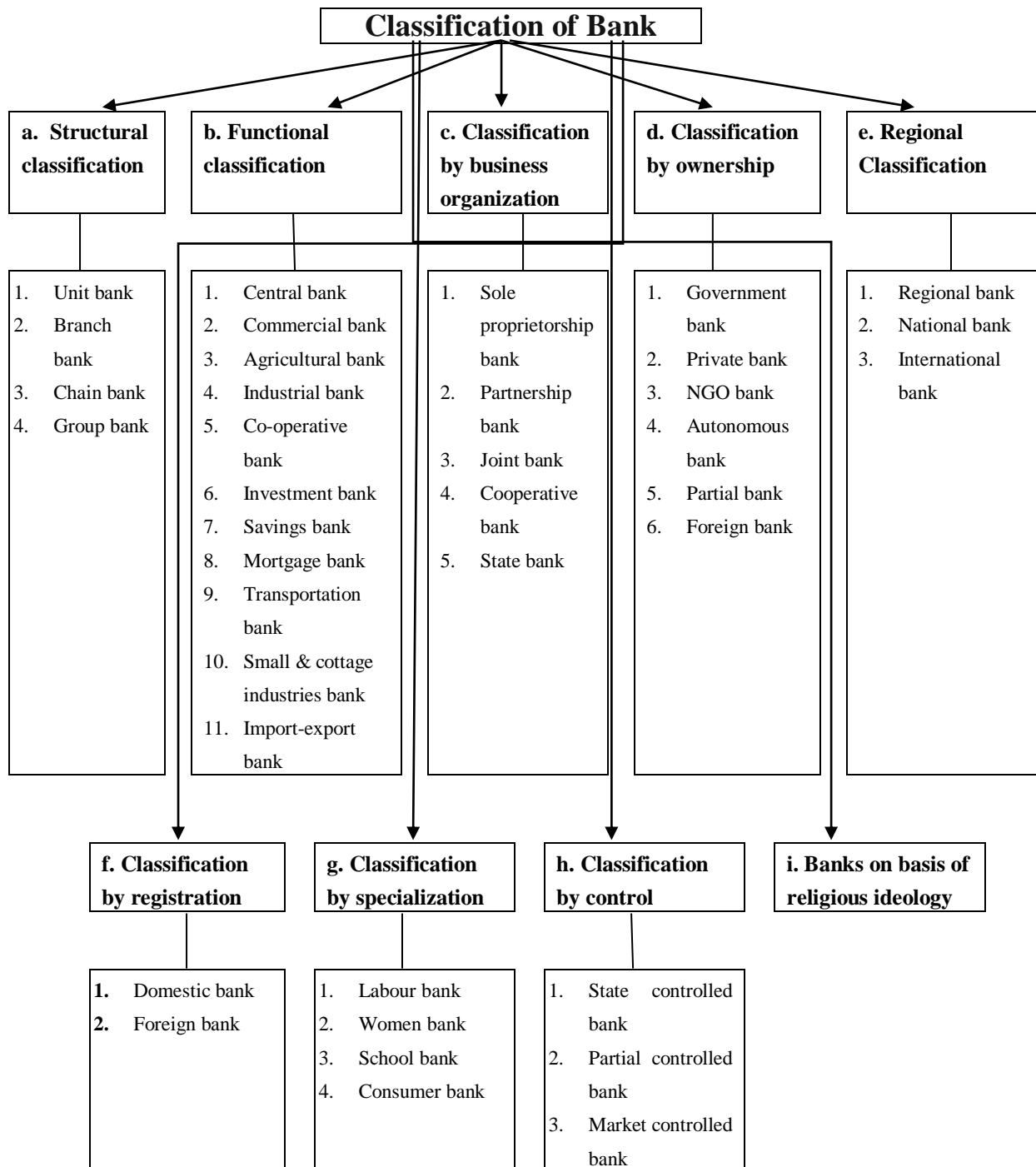
**B. Principles of Banking Business:**

Banking is a risky business. Risk cannot be avoided without establishing a dependable and efficient management system. Every bank should follow some fundamental principles to avoid the risk which arises in using others' money in banking, which are stated below:

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Principle of Security</li> <li>2. Principle of Profitability</li> <li>3. Liquidity Principle</li> <li>4. Financial Solvency</li> <li>5. Principle of Efficiency</li> <li>6. Principle of Providing Services</li> <li>7. Principle of Publicity</li> </ol> | <ol style="list-style-type: none"> <li>8. Principle of Secrecy</li> <li>9. Principle of Goodwill</li> <li>10. Principle of Investment</li> <li>11. Principle of Development</li> <li>12. Principle of Objective</li> <li>13. Principle of Economy</li> <li>14. Principle of Trust</li> <li>15. Principle of Specialization</li> </ol> |
|---|---|

### **C. Classification of Bank:**

On the basis of structure, formation, ownership, registration, region and control, banking business can be classified as per the chart



### **Short Questions:**

1. What is branch banking? Explain.
2. What is meant by group banking? Explain.
3. What is meant by the principle of liquidity?
4. Why bank is called the custodians of others money?
5. Explain two objectives of bank in prospective of the clients.
6. What is meant by 'Murabaha' and 'Musaraka'?
7. What is meant by the principle of investment?