
SECTOR: FINANCE

TRADE: ACCOUNTING

RTQF LEVEL: IV IN ACCOUNTING



ACCBP401: FOLLOWING BANKING PROCEDURES

PURPOSE STATEMENT

This module describes the skills, knowledge and attitude required to follow banking procedures. It is intended for learners who have successfully completed the TVET Certificate III in Accounting. At the end of this module, learners will be able to identify the banking process, determine the document retention and storage requirements, evaluate online banking procedures, provide information on actual and expected costs. Qualified learners may work alone or with others on routine tasks within financial and non-financial institutions, Supermarkets, Non-government organizations (NGO) and Government institutions and other business enterprises related under minimum supervision.

Learning Unity 1. Identify the banking process

1. Identify the main services offered by banks and microfinances

I. Identification of bank services;

1.1.1 Individual banking

Individual or Personal banking is a type of banking service and product line offered by banks to retail customers. Which include;

1. Check Accounts
2. Saving account
3. Debit And Credit Cards
4. Insurance
5. Wealth Management

1. Check Accounts

A checking account is a personal bank account which you can take money out of at any time using your cheque book.

2. Saving account

A savings account is an account provided by a bank for individuals to save money and earn interest on the cash held in the account.

3. Debit And Credit Cards

A **debit card** (also known as a bank card, plastic card or check card) is a plastic payment card that can be used instead of cash when making purchases.

Debit cards and credit cards work in similar ways. Both carry the logo of a major credit card company, such as Visa or MasterCard, and can be swiped (taken) at retailers to purchase goods and services. The key difference between the two cards is where the money is drawn from when a purchase is made. When a consumer uses a debit card, the money comes directly from his checking account. When he uses a **credit card**, the purchase is charged to a line of credit (*A line of credit (LOC) is an arrangement between a financial institution, usually a bank, and a customer that established the maximum amount of a loan that the customer can borrow.*) for which he is billed later.

4. Insurance

Insurance is a protection from financial loss. It is a form of risk management, primarily used as protection against the risk of a contingent or uncertain loss. An entity which provides insurance is known as an insurer, insurance company, insurance carrier or underwriter.

5. Wealth Management

A wealth is tangible or intangible valuable thing possessed that makes a person, family, or group better off.

1.1.2 Business banking;

Business banking is a company's financial dealings with an institution that provides business loans, credit, and savings and checking accounts specifically for companies and not for individuals. Business banking is also known as commercial banking and occurs when a bank, or division of a bank, only deals with businesses.

Business banking provide the following services;

1. Business loans

Business loans may be either secured or unsecured. With a secured loan, the borrower pledges an asset (such as plant, equipment, stock or vehicles) against the debt. If the debt is not repaid, the lender may claim the secured asset.

2. saving account

3. debit and credit cards

4. Merchant services

Merchant services are authorized financial services that allow a business to accept credit card or bank debit card transactions using online ordering or point of sales systems.

5. cash management

6. Online banking

7. mobile banking

Cash management is the corporate process of collecting and managing cash, as well as using it for short-term investing. It is a key component of a company's financial stability and solvency.

1.1.3. Digital banking

Digital banking is the move to online banking where banking services are delivered over the internet.

The digital banking provide the following services;

1. Tablet banking

2. mobile check deposit

3. text alerts

4. E-Statements

5. Online bill pay

1. Online banking

Online banking, also known as internet banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial transactions through the financial institution's website.

2. mobile banking

Mobile banking refers to the use of a smartphone or other cellular device to perform online banking tasks while away from your home computer, such as monitoring account balances, transferring funds between accounts, bill payment and locating an ATM.

3. Tablet banking

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a smartphone or tablet.

4. mobile check deposit
5. text alerts
6. E-Statements
7. Online bill pay

IV. Loans;

1. Personal Loans
2. Home Equity Loans
3. Home Equity Loans Of Credit
4. Home Loans
5. Business Loans

1.2: Comply with the banking clearing system services

1. Description of banking clearing

In banking and finance, clearing denotes all activities from the time a commitment is made for a transaction until it is settled. This process turns the promise of payment (for example, in the form of a cheque or electronic payment request) into the actual movement of money from one account to another. Clearing houses were formed to facilitate such transactions among banks.

The process of settling transactions between banks. Because so many transactions take place between banks on a given day, bank clearing exists to process what each party owes or is owed in a central location so the least amount of money actually changes hands. For example, suppose Bank A owes \$1 million to Bank B in cleared checks, but Bank B owes Bank A \$1.5 million. Bank clearing is the process of determining that Bank B must only pay Bank A \$500,000.

2. Identification of banking clearing process

3. Identification of clearing regulations

1.3: Identify the information required to ensure the payments

Description of payment

a. Identification of forms of payment :

- Cash
- Cheques
- Credit cards
- Debit cards
- Direct payments
- Electronic payments.

Learning unit 2. Determine the document retention and storage requirements.

2.1: Describe document retention policy according to banking regulations

The purpose of this policy is to provide a system for observing with document retention laws, ensure that the organization retains valuable documents, saves money, time and space, protect the organization against allegations of selective document destruction, and provide for routine destruction of non-business.

I. Definition of the purpose of document retention policy

Document Retention Policies for Nonprofits. A document retention and destruction policy identifies the record retention responsibilities of staff, volunteers, board members, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.

II. Description of banking regulations

Bank regulation is a form of government regulation which subjects banks to certain requirements, restrictions and guidelines, designed to create market transparency between banking institutions and the individuals and corporations with whom they conduct business, among other things.

III. Determine banking retention schedule

A retention schedule is a document listing all the titles of the records series, length of time each document or record will be retained as an active record, the reason for its retention (administrative, legal, fiscal, and historical) and disposition agreed by the user, receiver, and Records Director and Records.

2.2: Identify different types of documents that may be stored according to banking regulation.

I. Identification of type of documents used in bank

1. Cheques books
2. Payment order books
3. Standing Orders
4. Receipts books
5. Bank slip
6. Bank statement
7. Loans documents

2.3: Identify the storage and security of the relevant documents to be stored according to banking regulations.

I. Types of storing banking document

1. Storing financial files digitally

- a) Web-based storage services.
- b) USB flash drives.

- c) External hard drives.
- d) CD-Rs and CD-RWs.
- e) Network-attached storage hard drives.

2.Physical (hardcopies) filing :

a) Cabinet



b) Safe



c) Strong rooms



3.Description of security documents

The security documents used in financial institution (bank) include;

- 1) Cameras
 - 2) Security code (pass word) to access the document
 - 3) Prototectorgraph
 - 4) cash detector
- a) **Cameras**



b) **Security code (pass word) to access the document**

A password, sometimes called a passcode, is a memorized secret used to confirm the identity of a user.

c) Prototectorgraph



Protectorgraph". Is Device for printing cash amounts on cheques in words. Operated with a handle. Made in America circa 1916.

Cheque is rolled through machine by placing it on side platform and turning handle. Words to be printed are selected by index pointer; units are pounds, shilling and pence.

d) cash detector



Learning unit 3. Evaluate online banking procedures

3.1: Comply with online banking requirements

I. Identification of various form of online banking/internet banking

- a) Automated teller machines (ATM)
- b) Mobile banking
- c) Debit Card
- d) Credit Card
- e) E-cheque
- f) Direct Deposit
- g) Electronic Bill Payment
- h) Cash value stored

II. Identification of online requirements;

- a) UserID and password
- b) Pre-enrollment procedures for critical financial transactions
- c) E-mail confirmation

III. Benefits of Internet Banking

1. For Banks

Main advantages are as follows.

1. Customers can access their accounts 24 hours a day without having to have branches open.
2. It has been estimated that banks can save around 50% on the cost of transactions through the use of on-line banking.
3. The customers do all of the work themselves so staff numbers can be reduced.
4. Banks can attract new customers to their online business for a fraction of the cost it takes to get one through the door of a high street branch.
5. It provides convenience (easy) in terms of capital, labour, time all the resources needed to make a transaction.
6. Taking advantage of integrated banking services, banks may compete in new markets, can get new customers and grow their market share.

2. For customers

1. Online banking also allows you to transfer money between accounts much more quickly.
2. It saves time spent in banks
3. Check your credit report regularly.
4. Online banking allows you to access your account history and transactions from anywhere.

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5. Pay bills online through your bank or directly through the website of your service provider.
 6. It provides banking throughout the year 24/7 days from any place have internet access.
 7. It provides some security and privacy to customers, by using security technologies.

IV. The methods of e-banking :

The different methods of e-banking are

- “Online banking
- Short message service banking
- Telephone banking
- Mobile banking
- Interactive -TV banking”

3.2 Identify online banking transactions

3.2.1 Concerns with Internet Banking

Is a method of banking in which transactions are conducted electronically via the Internet.

It is also the system that allows you to put in or take out money from a bank account by using the internet

Things you can do through your bank's website include these.

1. Pay bills
2. Check balances
3. Transfer funds
4. Open new accounts
5. Update your address
6. Download statements
7. Apply for demand drafts

3.2.2 Online banking transaction process

- Set up bank account
- Set up online account
- Choose a secure username and password
- Set up contact information

3.3 Comply with online banking security requirements

I. Online line banking security requirements

- Stay aware of your surroundings when banking on your smartphone in public
- Monitor your accounts for any signs of fraud or theft.
- Monitor your account regularly for fraudulent charges.
- Avoid using public Wi-Fi when accessing your accounts.
- Follow the password guidelines, and consider changing your password on a regular basis.