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Mastering

Banking

Second Edition

D.P. Whiting

M
MACMILLAN

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Preface

Since the first edition of this book was published in 1985 there have been very considerable changes in banking and also in banking qualifications, and therefore this second edition amounts to a major reconstruction. The order and structure of the chapters have been changed to bring them in line with the requirements of the Banking Certificate *Business of Banking* syllabus rather than the old *Elements of Banking* syllabus. All of the examination questions used have been taken from past Business of Banking papers.

Whilst the book has been written around the examination syllabus, it is nevertheless meant as a general basic book on banking which should appeal to a wide range of readers who wish to know the basic facts about the subject. This includes those who are planning to become qualified under the National Vocational Qualifications scheme and who will be tested for their practical abilities as bankers; but who, nevertheless, will need to have the necessary knowledge of the banking system and the law and regulations that govern it, if they are to carry out their practical duties efficiently.

As I mentioned in the preface to the first edition, the general reader should find much of interest in this book. A knowledge of the UK financial system is becoming more and more desirable for people in most walks of life, and the subject of banking has progressed a great deal from being a 'stuffy' one to being a topic that is very relevant to our modern way of life.

Wherever possible I have used both masculine and feminine gender in this book, but at times it would have seemed very tedious to do so, and therefore I ask for the indulgence of lady readers. Wherever the masculine gender only has been used it is meant to include the feminine as well.

I am most grateful to Mr Brian Rawle, Director of Studies at the Chartered Institute of Bankers, for his permission to reproduce the examination questions, and to him and to Mr Don Voysey, for their help and advice concerning the chapter on Banking Qualifications. My sincere thanks also go to Mr David Butcher for his help on the use of plastic cards and for advising me on the finer points about wordprocessing.

D.P. WHITING

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List of abbreviations

ACIB	Associate Member of the Chartered Institute of Bankers
APACS	Association of Payment Clearing Services
APR	Annual percent age rate
ATM	Automated teller machine
BACS	Bankers' Automated Services Ltd, now known as BACS Ltd
Cert ACIB	Holder of the Banking Certificate of the Chartered Institute of Bankers
CHAPS	Clearing House Automated Payment Services
Dip FS	Diploma in Financial Services of the Chartered Institute of Bankers
EFTPOS	Electronic Funds Transfer – Point of Sale
FIMBRA	Financial Intermediaries, Managers and Brokers' Regulatory Association
IMRO	Investment Management Regulatory Organisation
LAUTRO	Life Assurance and Unit Trust Regulatory Organisation
MO	Official measure of the monetary base, i.e. notes and coin and bank balances at the Bank of England
M2	A wider measure of the money supply – includes MO plus bank and building society current deposits
M4	Broader than M2 – it includes all deposits irrespective of their size and the amount of notice required for withdrawals
MBA	Master in Business Administration
NVQ	National Vocational Qualification
PEP	Personal Equity Plan
PIN	Personal Identification Number
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TESSA	Tax Exempt Special Savings Account
TSA	The Securities Association – all members of the Stock Exchange are members
TSB	Trustee Savings Bank – now known as TSB Bank plc