Introduction: A financial institution (FI) is a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange. Financial institutions include a broad range of business operations within the financial services sector, including banks, insurance companies, brokerage firms, and investment dealers. Banks differ from other companies in terms of the nature of the products and services. The customers for banks are also very different from other companies. It includes individuals, companies, trusts, associations, etc. In order to satisfy customer's needs as well as increase business prospects and profits, banks need marketing for their services. Marketing is a way of doing business. It is all pervasive, a part of everyone's job description from the receptionist to the board of directors. It is neither to fool the customer nor to falsify the company's image. It is to integrate the customer into the design of the product, and to design a systematic process for interaction that will create substance in the relationship with him.This chapter will explain: ● The History of Banking ● The Emergence of the Word “Bank”. ● State the meaning of ‘Bank’. ● Explain the role of ‘Banking’. By the end of this chapter, you should be able to: ● Know the emergence of banking. ● Understand the meaning of banking system. The History of Banking The origin of banking can be traceable from the early time of human history. In the ancient period especially in Greece and Rome, the practice of storing the precious metals and coins at safe place and loaning out money for public on interest was prevalent. In England, banking had its origin from London goldsmith who is in the 7th century began to accept deposits from merchants and others for the safe keeping of the money and others valuable things. The Emergence of the Word “Bank”: The term “bank” is derived from the French word “Banco” which means a Bench or Money exchange table. In olden days, European money lenders or money changers used to display (show) coins of different countries in big heaps (quantity) on benches or tables for the purpose of lending or exchanging.Banking System Banking systems refer to a structural network of institutions that provide financial services in a country. It deals with the ownership of banks, the structure of banking system, functions performed and the nature of business. What is a Bank? Different authors and economists have given some structural and functional definitions on Bank from different angles: “Bank is a financial intermediary institution which deals in loans and advances”– –– Cairn Cross. “Bank is an institution which collects idle money temporarily from the public and lends to other people as per need.”–––– R.P. Kent. “Bank provides service to its clients and in turn receives perquisites in different forms.”––– P.A. Samuelson. “Bank is such an institution which creates money by money only.”–––––W. Hock. “Bank is such a financial institution which collects money in current, savings or fixed deposit account; collects cheques as deposits and pays money from the depositors‟ account through cheques.”–––––Sir John Pagette. Indian Company Law 1936 defines Bank as “ a banking company which receives deposits through current account or any other forms and allows withdrawal through cheques or promissory notes.” Oxford Dictionary defines a bank as “an establishment for custody of money, which it pays out on customer's order”.According to Prof. Sayers, “A bank is an institution whose debts are widely accepted in settlement of other people's debts to each other”. Therefore, a bank is a financial institution that provides banking and other financial services to their customers. It is an institution which provides fundamental banking services such as accepting deposits and lending loans. As financial intermediaries, banks stand between depositors who supply capital and borrowers who demand capital. When banks accept deposits its liabilities increase and it becomes a debtor, but when it makes advances its assets increases and it becomes a creditor. What is the purpose of the banking system? The purpose of the banking system is to provide an easy way for people to pay for goods and services, save their money, and transfer money between accounts. Banking systems provide credit opportunities, facilitate fund flow into the economy, ensure financial generation for public development and growth, and provide payment options.Objectives of Bank: 1. To establish as an institution for maximizing profits and to conduct overall economic activities. 2. To collect savings or idle money from the public at a lower rate of interests and lend this public money at a higher rate of interests. 3. To create propensity of savings amongst the people. 4. To motivate people for investing money with a view to bringing solvency in them. 5. To create money against money as an alternative for enhancing supply of money. 6. To build up capital through savings. 7. To expedite investments. 8. To extend services to the customers. 9. To maintain economic stability by means of controlling money market. 10. To extend co-operation and advices to the Govt. on economic issues. 11. To assist the Govt. for trade and business as well as socio-economic development. 12. To issue and control notes and currency as a central bank. 13. To maintain and control exchange rates as a central bank.What are the different types of banking system? Banking system comprises all institution that operates by accepting deposits and lending out finances to gain profit. It includes banks, central banks, credit unions, and investment banks. How does the banking system work? Banking systems manage the flow of money between individuals and businesses by accepting deposits and lending out money for investments. Banks earn interest from loans, the cost of managing consumer accounts, and investing for profits. What is Banking? Banking refers to any business entity that accepts and safeguards the finances of other persons and organizations and lends the finances to carry out economic activities such as making profits. Banking is important in the economy since it provides crucial services for both businesses and consumers, such as offering car loans, home loans, among other services. The three major functions of a bank are: (i) Accepting of deposits and lending loans (ii) Issue and pay cheques. (iii) Collect cheques on behalf of the customers. Purpose of Banks Banks take customer deposits in return for paying customers an annual interest payment. The bank then uses the majority of these deposits to lend to other customers for a variety of loans. The difference between the two interest rates is effectively the profit margin for banks. Banks play an important role inthe economy for offering a service for people wishing to save. Banks also play an important role in offering finance to businesses who wish to invest and expand. These loans and business investment are important for enabling economic growth. In conduction, bank plays an important role in society, in the following ways. The bank: Acts as a financial intermediary between savers and borrowers which results in efficient use of pooled resources Facilitates the creation of money by expanding the supply of money through deposit and loan transactions Creates financial products and services that benefit its customers Develops mechanisms for transferring money Contributes to the development of the banking industry