

Book Review

Justin Paul and Padmalatha Suresh (2007). *Management of Banking and Financial Services*. Dorling Kindersley (India) Pvt.Ltd, Licensees of Pearson Education in South Asia, pp. xxv +658. Price IRS 345. ISBN 81-775-8686-6.

The wave of globalization and liberalization has changed the banking and financial environment. The financial industry is consolidating and diversifying in an increasingly deregulating environment competition, threat of security evasion and fraud, use of sophisticated tools and technology, demand for transparency, regulators overdrive to capital efficiency and quality and complexity of managing financial institution have been grown rapidly over time. The book raises and addresses these changing issues and provide more updated knowledge and information in banking and financial sector in both theory and practices. Basically, the practical issue is focusing in Indian context.

The book explains the basic concepts in simple terms and gradually attains pedagogical stage with quite systematic approach giving inputs to both students and professionals. Most of the chapters have annexures which are quite rich in providing updated national and international information in banking and financial management. Other aspects of annexures are the case studies in Indian context.

The book is divided in twenty-one chapters. Chapters I through V provide an overview of the environment in banking and financial services. Basically, Chapter I focusing on central banking highlights the monetary policy conducted by monetary authority to influence the aggregate output and general level of prices. Central banks in recent days are getting more autonomy and operational freedom, shifting from administrative regime of interest rate to market base process, and have been made a gradual switch from open market operation to Repo transactions. Chapters II discusses about interest rate and its impact on other variables, Chapter III addresses on banking function and retail banking, Chapter IV gives inputs on commercial banking system and structure in India and Chapter V deals with insurance industry in India. These chapters, in respective issues, provide the flows of recent development such as in Chapter IV it highlights the use of alternative to cash approach – debit cards, new smart cards, ATMs etc.

Chapter VI through XI describe banks financial statements, reserve requirements, sources and uses of bank fund giving comprehensive attentions on lending function, and credit monitoring and rehabilitation process. Here, the book presents the detail analysis of financial statements constituting asset and liabilities and their uniform presentation following the rules of Reserve Bank of India. Reserve requirement as an instrument of monetary policy to regulate money supply and the determinants base money is nicely presented. It also presents need of credit monitoring, recognizing symptom of sickness of financial distress and the rehabilitating package.

Chapters XII through XV deal with risk management in banking and financial sector,

particularly the capital risk, credit risk, market risk, capital adequacy and regulation, and risk management technique. Credit risk mitigation techniques; Basel Committee's role; knowledge of prudential norm for asset classification; banks investment in security, treasury bills, foreign exchange, are the major aspects in these chapters.

Chapters XVI and XVII deal with international banking, foreign exchange market, financing of import and export trade, electronic banking, contemporary issues of bank management such as high tech banking, cash management etc. Chapter XVIII deals with cash management and demand forecasting in ATMs presenting the case studies of Bharath Bank and Global Bank. Chapter XIX deals with merger and acquisition presenting the case of Bank of Madhura merging with ICICI bank. Chapters XX and XXI deal with electronic banking, electronic clearing system, cash management and demand forecasting. Case studies of innovation in product and services in Barclays Bank, State Bank of India, Corporation Bank, South India Bank etc are found in these chapters.

The book, as presented above, provides wide varieties of knowledge and information on banking and financial areas exploring the both theoretical and practical aspects. It also equally serves to provide updated information. So it could be a good reference book for students of economics and management even for the professional and practitioners.

Over chapterization and lack of conciseness may be the weakness of the book. Similar topics could be camped within single chapter but the book offers unnecessarily over chapters, so a kind of confusion generates to the reader whether they are advancing on similar topics or different. For instances, Chapters XII "Credit Risk and Loan Loses", XIV "Capital Risk, Regulation, and Adequacy", and XV "Risk Management in Banks" could be compile with in a single chapter such as Risk Management. At the end of each chapter, authors present summary; but in some of the chapters summary does not represent the theme of concerned chapter. Similarly, list of tables, list of figures, list of abbreviations are omitted in the book but appear in the main body of the text. The author, Justin Paul (PhD), is an Assistant Professor in Indian Institute of Management, Indore, India. He has also been a visiting professor and speaker in various US universities (University of Washington, University of San Francisco, etc.) and in China too. Padmalatha Suresh has two decades of banking and IT sectors experience in India.

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