

# **Nalanda Open University**

## **Department of Economics**

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- Course – BA Economics (Part –II)
- Paper – IV (Money Banking and Public Finance)
- Topic – Branch Banking

# BRANCH BANKING

The banking system under which stretched operation of banks are carried-out in a phased manners. This means large network of banking system are controlled under branch banking system.

Branch banking are generally popular in United Kingdom, Canada, Australia and in India.

# Advantages of Branch Banking

- Operation of bank on large scale
- Availability of geographical spread
- Transfer of funds are facilitated
- Cash reserves are maintained in the economy
- Equality of interest rates are adopted
- Proper use of capital

# Advantages of Branch Banking

- Wide scope of selection of work area
- Greater public confidence
- Better training to the concerned employees
- Large number of facilities to customers
- Proper and effective Credit Control Policy

# Disadvantage of Branch Banking

- Management of large scale operation is difficult
- Lack of control on large scale branches
- Lack of initiatives
- Chances of monopoly originates
- Unnecessary competition originates
- Expensiveness
- Duplication of available banking facility

# Disadvantage of Branch Banking

- Small area are invested too high
- Loss of local branches affect other branches
- Difficulty in foreign currency operation
- Delay in work decision