

ICICI BANK CUSTOMER EDUCATION SERIES

TIMES BUSINESS ASSOCIATE COMMUNICATION

Did You Know?

Banks are governed by the Banking Regulation Act 1949.



How Safe Is Your Bank?

Suresh has just opened a bank account and deposited his first salary in it. He is worried whether his money is safe with the bank. He obviously could not keep his money under his pillow, but is it safe to leave it with the bank? What makes it okay to deal with a bank?

Banks access public funds; they give loans; and they enable smooth flow of funds across various entities. Banks are conduits of money in the system. Those who deal with a bank trust the bank with their money. If there was no trust in banks, the financial system will get grounded. That is why banks are tightly regulated.

It is not easy to set up a bank in India. Apart from the need for Rs. 300 crore as capital, Reserve Bank of India (RBI) checks the credentials of the promoters, their background and their business interests before issuing a banking licence. Banks

have to report their financial status to RBI every quarter and RBI inspects banks at regular intervals. At the first sign of trouble, RBI stops a bank from accepting deposits from the public. When RBI backs a bank, it does so with complete information about the credibility of the bank.

Centre for Investment Education and Learning

We welcome your questions, suggestions and feedback on this column. Please use the 'Email Us' link at www.icicibank.com or send us an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

Read more on this topic in the next article.

We Wish You All A Very Happy And Safe Diwali!



SMS CONTEST

Question: _____ regulates the banks in India

Answer: A. SEBI
B. RBI
C. IRDA

To answer, SMS DISHAA, B or C to 53030 and win a 2N 3D holiday.*
Contest open for the day of publication.

*Terms and conditions apply. Visit www.dishaa.org for details and winners.

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BANKING



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