

## **Non-Banking Financial Business (Optional)**

### **I. Subject Overview and Objective**

Non-banking financial business which is also known as shadow banking includes specialized financial services provided by institutions to help customers in their finance management with various objectives and risk-taking at different degrees. The types of such institutions will vary from country to country depending on financial laws and practices. Unlike banks, these financial institutions are in large numbers and operate numerous business models. These institutions are specialized in providing services to customers in savings, financing, investments, payments, investment service, market services and risk coverage. Therefore, this subject is designed to provide knowledge to banking and financial professionals on major financial business areas that are complementary or competitive to banking. However, investment banking which is a major non-banking financial service and development finance which is long-term project lending business are included as separate subjects in this programme under DABF, given their specific business importance.

### **II. Recommended Subject Coverage**

- (a) Finance business: Finance Companies and their business products(time and savings deposits, real estates, hire purchasing, pawning, term loans), regulatory and supervisory measures(Licensing, capital funds, risk weighted capital adequacy ratio, minimum core capital, structural changes, provision for bad & doubtful debts, single borrower limit, lending, investments, liquid assets, deposits, business transactions with directors and their relatives, interest rates, corporate governance, assessment of fitness and propriety of directors and officers, advertisements, deposit insurance)
- (b) Finance leasing business: Leasing Companies(operational aspects of leasing, borrowing through promissory notes), regulatory and supervisory measures
- (c) Payments services business: Card payments, mobile payments, remittance agents, money changers, regulatory and supervisory measures
- (d) Co-operatives: Deposit-taking, lending to members, major provisions of the Co-operative Societies Law and supervisory frame work
- (e) Pawn broking business: Pawning practices, registration requirements, gold market trends
- (f) Securities market services business: Exchanges, Money Brokers, Stock Brokers, Investment Managers, Margin Providers, Factoring Companies, Underwriters, Primary Dealers in Government Securities, Securities Depositories, regulatory and supervisory measures (licensing, minimum net capital and liquid capital requirements for exchanges, stock brokers, unit trust management companies, market intermediaries and credit rating agencies, prohibition of insider trading, compensation fund, regulations on money broking)
- (g) Insurance business: General, life and consolidate products, regulatory and supervisory measures (licensing, statutory solvency margin, minimum regulatory capital, technical reserves for general insurance business ,long term insurance fund, investments in Government Securities)
- (h) Venture capital companies; provision of seed capital for new entrepreneurs, business management, risk-taking and recovery of investment through listing ventures at profitable stage, venture capital success stories in countries and economic importance