

Retail banking

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Retail banking is when a bank executes transactions directly with consumers, rather than corporations or other banks. Services offered include savings and transactional accounts, mortgages, personal loans, debit cards, and credit cards. The term is generally used to distinguish these banking services from investment banking, commercial banking or wholesale banking. It may also be used to refer to a division of a bank dealing with retail customers and can also be termed as Personal Banking services.

In the US the term Commercial bank is used for a *normal* bank to distinguish it from an investment bank. After the great depression, through the Glass–Steagall Act, the U.S. Congress required that banks only engage in banking activities, whereas investment banks were limited to capital markets activities. This separation was repealed in the 1990s. Commercial bank can also refer to a bank or a division of a bank that mostly deals with deposits and loans from corporations or large businesses, as opposed to individual members of the public (retail banking).

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Products

Typical products offered by a retail bank include:

- Transactional accounts
 - Checking accounts (American english)
 - Current accounts (British english)
- Savings accounts
- Debit cards
- ATM cards
- Credit cards
- Traveler's cheques
- Mortgages
- Home equity loans
- Personal loans
- Certificates of deposit/Term deposits



A retail bank in Leeds, United Kingdom.

In some countries, such as the US, they may also offer more specialised accounts such as:

- Sweep accounts
- Money market accounts
- Individual Retirement Accounts (IRA's)

Sub-types of retail banks

- Community development bank are regulated banks that provide financial services and credit to underserved markets or populations.
- Private Banks manage the assets of high-net-worth individuals.
- Offshore banks are banks located in jurisdictions with low taxation and regulation. Many offshore banks are essentially private banks.
- Savings banks accept savings deposits.
- Postal savings banks are savings banks associated with national postal systems.

See also

- Banking institution
- Bank

References

- Tiwari, Rajnish and Buse, Stephan (2006): The German Banking Sector: Competition, Consolidation and Contentment (http://www.mobile-prospects.com/publications/files/German_Banking_Sector.pdf), Hamburg University of Technology (TU Hamburg-Harburg)
- Brunner, A., Decressin, J. / Hardy, D. / Kudela, B. (2004): Germanys Three-Pillar Banking System – Cross-Country Perspectives in Europe, Occasional Paper, International Monetary Fund, Washington DC 2004.
- Retail Banker International – news, data, analysis and business information for the retail banking industry: Retailbankerinternational.com (<http://www.retailbankerinternational.com>)

External links

- EFMA Research Report Sep 2009: Innovation in Retail Banking: Best Practices and Insights (<http://www.infosys.com/Finacle/eu/solutions/innovation-in-retail-banking-finacle.asp>)
- Retail Banking Through A 9 Pronged Approach (<http://www.polarisft.com/banking/retail-banking/retail-banking.asp>)
- European Retail banking Technology Investment Strategies (<http://ovum.com/research/business-trends-european-retail-banking-technology-investment-strategies-2/>)

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