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*Editorial*

## Financial services and its functioning of banks

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Accepted 16 September, 2021

### EDITORIAL NOTE

The finance industry, which includes credit unions, banks, and other money management organizations, provides financial services. Credit card companies, insurance companies, accounting firms, consumer finance firms, stock brokerage firms, investment funds, individual managers, and even government-sponsored organizations are all surrounded by and have a presence in these services. The United States Congress formed a Government-Sponsored Enterprise (GSE), which is a sort of financial services organization. Their goal is to increase credit flow to specific sectors of the economy, make those segments of the capital market more efficient and transparent, and minimize risk for investors and other capital providers. In times of broad economic crises, the banking sector is generally one of the first to require government assistance. However, public support for such subsidies is lower than for bailouts for other industries. A bank is a sort of financial institution that accepts public deposits, generates demand deposits, and makes loans. The bank's lending activities could be carried out directly or indirectly through capital markets.

Commercial bank, in order to distinguish it from a retail bank and an investment bank, it can also refer to a bank, or a section of a big bank, that deals with companies or large/middle-sized businesses. Commercial banks include both private and governmental sector institutions. The name "commercial" is used to distinguish it from an investment bank, which, instead of lending money directly to a company, assists it in raising funds from other companies in the form of bonds or shares. Commercial banks' principal responsibility is to provide financial services to the general public and businesses

while maintaining economic and social stability and long-term economic growth. Credit creation is the most important duty of commercial banks in this regard. They do not provide the borrower cash when they approve a loan for them. Instead, they open a deposit account for the borrower, from which he or she can withdraw funds. In other words, they automatically establish deposits when they approve a loan. Commercial banks have a few significant core operations. Namely, Safeguarding funds while enabling withdrawals when necessary; Issuing credit cards, as well as processing and invoicing credit card transactions; allow financial transactions to take place at branches or through Automated Teller Machines (ATMs).

A financial services organization or corporate division that participates in advisory-based financial transactions on behalf of people, corporations, and governments is known as an investment bank. Traditionally connected with corporate finance, a bank like this might help a customer raise money by underwriting or serving as the client's agent in the issue of securities. An investment bank can be categorized into private and public activities, with a screen separating the two to avoid data sharing. The bank's private portions deal with confidential insider information that isn't publicly available, while the public areas, such as stock research, deal with publicly available information. Front office, middle office, and back office activities make up the investment banking industry. Smaller sell-side investment businesses, such as boutique investment banks and small broker-dealers, focus on investment banking and sales/trading/research, respectively, while major service investment banks offer all lines of business both sell side and buy side.

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