

Unit-I

Lecture-6

Financial Services offered by various financial institutions

- ❖ Factoring.
- ❖ Leasing.
- ❖ Forfaiting.
- ❖ Hire Purchase Finance.
- ❖ Credit card.
- ❖ Merchant Banking.
- ❖ Book Building.
- ❖ Asset Liability Management.
- ❖ Housing Finance.
- ❖ Portfolio Finance.
- ❖ Underwriting.
- ❖ Credit Rating.
- ❖ Interest & Credit Swap.

Nature of financial services

1. **Customer Oriented:** Financial services are customer-focused services that are offered as per the requirements of customers. Financial institutions properly study customer needs before designing and offering such services. They are meant to fulfill the specific needs of a customer which differs from person to person.
2. **Intangibility:** These services are intangible which makes their marketing a challenging task for financial institutions. Such institutions need to focus on building their brand image by providing innovative and quality products to customers. Firms enjoying better credibility in market are easily able to sell off their products.
3. **Inseparable:** [Financial services](#) are produced and delivered at the same time simultaneously. These services are inseparable and can't be stored in advance. Here production and supply function both occurs at the same time.
4. **Manages Fund:** Financial services are specialized at managing funds of people. These services enable peoples in allocating their idle lying funds into useful means for earning revenues. Financial services provide various means to people for converting their savings into investment.
5. **Financial Intermediation:** These services does the work of financial intermediation as it brings together the lender and borrower. Financial services mobilize the funds of people who are having enough of it and made it available to the one who are in need of it.
6. **Market Based:** Financial services are market based which changes as per the changing conditions. It is a dynamic activity which varies as per the variations in socio-economic environment and varying needs of customers.
7. **Distributes Risk:** Risk distribution is the key feature offered by financial services. These services transfer the risk of an individual not willing to take

among different persons who all are willing to bear it. Financial institutions diversify the risk and secure people against damages by providing them various insurance policies.