

Unit-I

Lecture-7

Objectives of financial services

1. **Raises Fund:** Financial services serve as an efficient tool for raising funds in an economy. It provides [various financial instruments](#) to individuals, investors, corporations, and institutions where they can invest their money thereby raising funds from them.
2. **Promotes Savings:** These services provide different types of convenient investment options that can grow people's savings. A mutual fund is one such good option where people can invest and earn reasonable returns without much risk.
3. **Deployment of Funds:** Financial services enable the proper deployment of financial resources into productive means. There are numerous investment avenues and instruments available in the financial market where people can invest their funds for earning income.
4. **Minimizes Risk:** Risk minimization is an important role played by [financial services](#). These services help in diversifying the risk and protect people against damages by providing insurance policies.
5. **Economic Growth:** Financial services help the government in attaining the overall growth of the economy. The government can easily raise both short-term and long term funds for its various needs. It helps in improving overall infrastructural facilities and employment opportunities in a country.

Functions of financial services

1. **Enables payment system:** Financial services have a key role in the proper movement of funds among peoples. It enables peoples to successfully do their payments without any difficulty. Credit cards, debit cards, bill of exchange, and cheque are such financial instruments which facilitate financial transactions.
2. **Proper Utilization of Funds:** These intangible services help in efficient allocation of funds. Financial services serve as a means through which peoples invest their ideal lying resources into better investment plans for generating incomes.
3. **Maintains Liquidity:** Financial services helps in maintaining sufficient funds in an economy. It links the one who is in need of funds and those who can supply funds as they have sufficient savings. Various services like loans and credit cards enable people to acquire needed funds easily.
4. **Raises Standard of living:** These services play a crucial role in improving the living standards of people. Customers are easily able to purchase costly goods on hire purchase system availing these services. People are able to enjoy the benefits of quality and luxury items.
5. **Promotes trade:** Financial services promote both domestic and foreign trade in a country. Forfeiting and factoring companies in the financial market promote the export of goods to foreign markets and also the sales of products in the domestic market. In addition to this insurance and banking facilities also support trade activities in-country.

6. **Improve Employment Opportunities:** Generation of employment opportunities is another important function of financial services. Different financial institutions employ a large number of peoples for selling these services. They pay remunerations to their employees out of the profit earned by selling these financial services.
7. **Balanced Regional Development:** Financial services helps in the balanced regional development of the country. All the key sectors of the economy such as the primary sector, secondary sector, and tertiary sector are able to acquire the required funds through these services. This results in regional disparities and brings balanced development in a country.