

Fourth Sem Bcom Finance

1. ENDORSEMENT

Endorsement means signing back of a negotiable instruments for the purpose of negotiations. The persons who signs the instruments for the purpose of negotiations is called endorser. The person to whom instruments is endorsed is called the endorsee.

Allonge

The paper attached with a negotiable instruments for the purpose of making further endorsement is called allonge. (it is used if the entire space on the back of a negotiable instrument is covered with endorsement)

EFFECTS OF ENDORSEMENT

- The property in instrument is transferred from endorser to endorsee.
- The endorsee gets right to negotiate the instrument further.
- The endorsee get the right to sue in his own name to all other parties.
- The endorser certifies the genuineness of the instrument
- The endorser, by his act of endorsing, promises to indemnify the endorsee or any subsequent holder for any loss suffered by them ion the dishonor of the instrument.
- The endorser guarantees to the endorsee that he had a good title to the instrument

KINDS OF ENDORSEMENT

- **Blank Endorsement /General Endorsement**– Where the endorser signs his name only, and it becomes payable to bearer. Under this endorser simply signs back of the instrument for the purpose of negotiation.
- **Special Endorsement/ Full Endorsement** – Where the endorser puts his sign and writes the name of the person who will receive the payment on the back o the instrument.

- **Restrictive Endorsement** – Which restricts further negotiation.
- **Partial Endorsement** – Which allows transferring to the endorsee a part only of the amount payable on the instrument.
- **Conditional Endorsement/ Qualified Endorsement** – Where the fulfilment of some conditions is required.
- **Sans Recourse Endorsement**- it is an endorsement which limits the liability of the endorser. A clause(sans recourse /without recourse to me) inserted into an agreement which indicates that the endorser does not wish to incur liability if the document of title is not honored.
- **San Frais Endorsement**- san frais means without expense) the endorser makes it clear that no one should incur any expenses on his/her account in respect of the negotiable instrument. he is liable only for the amount of instrument not liable for any additional expenditure.
- **Facultative Endorsement**- When an endorser waives the condition of notice of dishonor.

LIABILITY OF ENDORSER

An endorser is the one who endorses and delivers a negotiable instrument before maturity. Every endorser has a liability to the parties that are subsequent to him.

Also, he is bound thereby to every subsequent holder in case of dishonour of the instrument by the drawee, acceptor or maker, to compensate such holder of any loss or damage caused to him by such dishonour. However, he is to compensate only after the fulfilment of the following conditions:

(i) There is no contract to the contrary

(ii) The Endorser has not expressly excluded, limited or made conditional his own liability

(iii) And, such endorser shall receive due notice of dishonour

REGULARITY OR ESSENTIALS OF ENDORSEMENT

- it must contain valid signature of the endorser in their own handwriting
- if a cheque is payable to two persons, both of them must endorse in their own hand writing
- should not sign in capital letter
- spelling of the name of endorsee must be the same as appearing in the instrument.
- initials of the name of payee or holder should not be changed in the endorsement
- endorsement in pencil or by rubber stamp are usually not accepted
- in case of married women , should endorse the instrument by her name plus husband name.
- in case of spinster, endorse the instrument by her name plus surname.
- in case of illiterate person endorse an instrument by putting his left hand thumb impression
- in case of a deceased person must be endorsed by legal representative
- endorsement in case of firms can be either in the name itself or it may be authorised by an agent or by legally authorized person on behalf of the firm.

2. ELECTRONIC BANKING

Electronic banking can be defined as the use of electronic delivery channels for banking products and services, and is a subset of electronic finance.

E banking means conducting banking functions electronically. It helps to eliminate paper based transactions

DIMENSIONS OF E- BANKING

1) **Customer to Bank E banking:** Basically E-banking is internet based. Customers can easily access all important information relating to their deposits, remittance, and payments through at any time.

2) Bank-to-Bank E-Banking

It is related with interbank transactions which are done between banks. this type of E-banking is driving extra nets, which is restricted to banks only it is well secured less unauthorized access

3) Electronic Central Banking

All banks within the control of a central bank are to be interconnected on extranet to facilitate clearing of cheques, management of cash reserves, discounting of bills, open market operations, etc. The central bank can be connected with the Government treasury on extranet to carry... out its functions as an agent of the Government. Likewise the central banks of all countries can be inter-linked with the I.M.F. World Bank, New Development Bank and other international financial institutions through extranets.

4)Intranet Procurement

An intranet is meant for the exclusive use of the organization and its associates. It is protected from unauthorized access with security systems such as firewalls. For the internal transactions related to a bank, between the bank and its branches and subsidiaries, intranet procurements of banking are required.

ADVANTAGES OF E BANKING

- 24/7 account and service access.
- Speed and efficiency.
- Online bill payment.
- Low overhead can mean low fees.
- Low overhead can mean high interest rates on deposit accounts.
- simple to open and easy to operate
- It's convenient, because easily pay bills and transfer funds between accounts from nearly anywhere in the world.
- do not have to stand in a queue to pay off your bills. It is available all the time.
- perform tasks from anywhere and at any time, even at night or on holidays when the bank is closed. The only thing you need to have is an active internet connection
- it is fast and efficient. Funds get transferred from one account to the other very fast. also manage several accounts easily through internet banking.
- keep an eye on your transactions and account balance all the time.
- It's a great medium for the banks to endorse their products and services

DISADVANTAGES OF E-BANKING

- Impersonal: Absence of face to face interaction makes it very impersonal.
- Lack of trust:
- Difficult for first timers: For the beginners, it appears as a complex mode of service as customer find it complicated to navigate through bank's website.
- Security fraud: People generally hesitate to have an online bank account due to the security risk involved in it.
- if the bank's server is down, customer can't use it.

- To use internet banking, customer is compelled to have computer with internet access. There is always the possibility of a cracker gaining access to customer's account.
- Banks bears heavy costs to install high firewall It leads to missing of personal services.
- E-.banking promotes lack of socializing or social contacts