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商业银行管理

（英文版）

Bank Management

刘　园　主编

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前　言

2015 年是互联网技术改变人类生产方式、生活方式的一年，是新兴产业向传统产业发起全面挑战的一年。从美国苹果公司取代微软而一跃成为世界第一大企业帝国，中国企业阿里巴巴在美国成功上市一举跻身国际互联网巨头行列，到中国的“双十一”创造全球消费奇迹；从中国的“支付宝”等“宝宝们”对传统金融市场格局形成的巨大威胁，到美国的脸谱网和中国的微信等新技术对各国民众社交方式、消费方式乃至支付方式的改变……技术创新、金融创新以不可阻挡的磅礴气势和效率为当今世界生产力水平的提高注入了全新的活力。

面对 2008 年全球金融危机对传统商业银行业带来的创伤，新兴互联网技术对传统商业银行业态带来的挑战，商业银行正在遭受前所未有的双重夹击。无论是传统的金融产品、服务方式，还是对商业银行的评价和监管方式，互联网技术的普及和人们生活方式的改变均使商业银行面临着要么改变自己，要么被淘汰出局的艰难命题。因此，不熟谙国际金融市场上商业银行运行的基本原理，不了解金融界的最新发展趋势，任何一个金融机构，甚至一个行业，都在经受最严峻的考验。

根据近年来国际金融市场出现的巨大变化，特别是商业银行业出现的新格局，在众多英文原版教材和中文教材的基础上，本教材的编写追求以融会贯通商业银行基本原理为基础，以反映国际金融市场最新发展现状为特色，以有利于汉语母语思维习惯为重点，以案例教学为抓手，以提高学生学习效能为宗旨的编写目标，将全书分为商业银行介绍（Introduction to Commercial Banks）、资本管理（The Management of Capital）、负债管理（The Management of Liabilities）、流动性与准备金管理（Liquidity and Reserve Management）、投资管理（Investment Management）、表外业务（Off-balance Sheet Activities）、资产负债管理（Asset-liability Management）和银行绩效的测量与评估（Measuring and Evaluating the Performance of Banks）八章。

为了激发学生的学习热情和拓展课堂空间，本书在每章正文前设置了新闻聚焦（NEWS FOCUS）、引导案例（LEAD-IN CASE）专栏，在每章正文后设置了延伸阅读（EXTENDED READING）专栏。同时，为了方便学习者检测学习效果和方便教师教学，本书还提供了相关内容概述（SUMMARY）、专业术语列表（GLOSSARY）以及教学用课件（PPT），使本书成为高等院校双语教学的有效载体和选择。

本书由对外经济贸易大学国际经贸学院金融系博士生导师刘园教授担任主编，刘艳、何娇、孙伊陶、曲迪为副主编，丁宁、林天晨、陈浩宇、李捷嵩、王梦宇、郑三悦、侯彬、蔡菁、赵乐等均为本书的最后成稿做出了贡献，在此一并表示感谢。

刘园　于北京

2015 年 12 月 31 日

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Chapter 1

Introduction to Commercial Banks

§ NEWS FOCUS

The First Approval of Chinese Banks Acquiring American Banks by U.S. Federal Reserve

2012-05-14 10:37:46

The U.S. Federal Reserve has given the go-ahead for state-owned Chinese banks to enter the U.S. banking market.

The U.S. central bank on Wednesday approved an application by China's biggest bank—the Industrial and Commercial Bank of China—to buy an 80 percent stake in the U.S. branch of the Bank of East Asia. It is the first time a Chinese state-controlled company has been approved to acquire a U.S. bank.

The landmark step comes days after U.S. and Chinese officials held high-level financial talks in Beijing. U.S. officials said during the talks that China has made progress on a number of issues, including taking steps toward a more open and market-oriented financial system.

§ LEAD-IN CASE

Sunflower Bank to Merge with Colorado Bank, Investment Firm

2014-09-23 By Chad Lawhorn

Local customers of Sunflower Bank may see a name change in the future.

Salina-based Sunflower Bank announced it has reached a deal to merge with Colorado-based First Western Financial Inc., the companies announced Tuesday. Company leaders, however, said they haven't decided what the new name of the enterprise will be. The deal is expected to be finalized in the first quarter of 2015.

The deal will create a banking and investment company with about $2.5 billion in banking assets and about $5.5 billion in trust and investment assets. Sunflower Bank—which operates a Lawrence branch near Quail Crest Place and Wakarusa Drive in West Lawrence—is the bigger banking operator in the deal, with about $1.7 billion in assets. But First Western Financial operates a sizable wealth management business that has about $4.8 billion in investment assets. The combined entity will have 45 offices in Colorado, Kansas, Missouri, Wyoming, Arizona, and California.

"We found the merger appealing because we are both strong, and we both have our own strengths," said Mark Grant, senior vice president of corporate marketing for Sunflower Bank. "We are confident we'll find ways to complement each other and continue our growth."

Grant said, "Sunflower likely will offer enhanced investment services to its customers once the deal is finalized."

"Overall, we really just see this deal as improving what we're already doing," Grant said.

Terms of the merger were not disclosed, but the new company will operate with a board that includes members of both the Sunflower board and the First Western board. Mollie Hale Carter, chair and CEO of Sunflower, will serve as the executive chairman of the holding company. Scott Wylie, chair and CEO of First Western, will serve as the chair and CEO of the combined banking and investment subsidiary.

The company for the time being will have dual headquarters in Salina and Denver. Grant said both banks initially would keep their current names, but he said the prospects for a more unifying brand name would be considered after the merger is completed.

1.1 An Overview of Commercial Banks

1.1.1 Introduction

Banks are the principal source of credit (loanable funds) for millions of individuals and families and for many units of government (school districts, cities, counties, etc.). Moreover, for small businesses ranging from grocery stores to automobile dealers, banks are often the major source of credit to stock shelves with merchandise or to fill a dealer's lot with new vehicles. When businesses and consumers must make payments for purchases of goods and services, more often than not they use bank-supplied checks, credit or debit cards, or electronic accounts accessible through a website, cell phone, or other networking device. And when they need financial information and advice, it is the banker to whom they turn most frequently for advice and counsel. More than any other financial-service firm, banks have a reputation for public trust.

Worldwide, banks grant more installment loans to consumers (individuals and families) than any other financial-service provider. In most years, they are among the leading buyers of bonds and notes governments issue to finance public facilities, ranging from auditoriums and football stadiums to airports and highways. Banks are among the most important sources of short-term working capital for businesses and have become increasingly active in recent years in making long-term business loans to fund the purchase of new plant and equipment. The assets held by U.S. banks represent about one-fifth of the total assets and an even larger proportion of the earnings of all U.S.-based financial-service institutions. In other nations—for example, in Japan—banks hold half or more of all assets in the financial system. The difference is because in the United States, many important nonbank financial-service providers can meet the needs of businesses, consumers, and governments.

1.1.2 What Is a Bank

As important as banks are to the economy as a whole and to the communities they call home, there is still much confusion about what exactly a bank is. A bank can be defined in terms of (1) the economic functions it serves, (2) the services it offers its customers, or (3) the legal basis for its existence.

Certainly banks can be identified by the functions they perform in the economy. They are involved in transferring funds from saves to borrowers (financial intermediation) and in paying for goods and services.

Historically, banks have been recognized for the great range of financial services they offer—from checking and debit accounts, credit cards, and savings plans to loans for businesses, consumers, and governments. However, bank service menus are expanding rapidly today to include investment banking (security underwriting), insurance protection, financial planning, advice for merging companies, the sale of risk-management services to businesses and consumers, and numerous other innovative services. Banks no longer limit their service offerings to traditional services but have increasingly become general financial-service providers.

Unfortunately in our quest to identify what a bank is, we will soon discover that not only are the functions and services of banks changing within the global financial system, but their principal competitors are going through great changes as well. Indeed, many financial-service institutions—including leading security dealers, investment bankers, brokerage firms, credit unions, thrift institutions, mutual funds, and insurance companies—are trying to be as similar to banks as possible in the services they offer. Examples include Goldman Sachs, Dreyfus Corporation, and Prudential Insurance—all of which control banks or banklike firms. During the financial crisis of 2008 Goldman Sachs and Morgan Stanley transitioned from being among the highest ranked investment banks to being commercial bank holding companies, accepting deposits from the public.

Moreover, if this were not confusing enough, several industrial companies have stepped forward in recent decades in an effort to control a bank and offer loans, credit cards, savings plans, and other traditional banking services. Examples of these giant banking-market invaders include General Electric, Harley-Davidson, and Ford Motor, to name a few. Even Wal-Mart, the world's largest retailer, recently has explored the possibility of developing a banklike business in an effort to expand its financial-service offerings! American Express, Pitney-Bowes, United Health Group, and Target already control banklike institutions.

Bankers have not taken this invasion of their turf lying down. They are demanding relief from traditional rules and lobbying for expanded authority to reach into new markets all around the globe. For example, with large U.S. banks lobbying heavily, the United States Congress passed the Financial Services Modernization Act of 1999 (known more popularly as the Gramm-Leach-Bliley or GLB Act after its Congressional sponsors), allowing U.S. banks to enter the securities and insurance industries and permitting nonbank financial holding companies to acquire and control banking firms.

Table 1-1 The Different Kinds of Financial-Service Firms Calling Themselves Banks

Name of Banking-type Firm	Definition or Description
Commercial banks:	Sell deposits and make loans to businesses and individuals
Money center banks:	Largest commercial banks based in leading financial centers
Community banks:	Smaller, locally focused commercial and saving banks
Savings banks:	Attract saving deposits and make loans to individuals and families
Cooperative banks:	Help farmers, ranchers, and consumers acquire goods and services
Mortgage banks:	Underwrite issues of new securities from their corporate customers
Investment banks:	Supply both debt and equity capital to businesses
Merchant banks:	State-charter loan companies owned by financial or nonfinancial corporations
Industrial banks:	Provide small loans to industrial workers
International banks:	Commercial banks present in more than one nation
Wholesale banks:	Larger commercial banks serving corporations and governments
Retail banks:	Smaller banks serving primarily households and small businesses
Limited-purpose banks:	Offer a narrow menu of services, such as credit card companies and subprime lenders
Bankers' banks:	Supple services (e.g., check clearing and security trading) to banks
Minority banks:	Focus primarily on customers belonging to minority groups
National banks:	Function under a federal charter through the Comptroller of the Currency in the United States

continued

Name of Banking-type Firm	Definition or Description
State banks:	Function under charters issued by banking commissions in various states
Insured banks:	Maintain deposits backed by federal deposit insurance plans (e.g., the FDIC)
Member banks:	Belong to the Federal Reserve System
Affiliated banks:	Wholly or partially owned by a holding company
Virtual banks:	Offer their services only over the Internet
Fringe banks:	Offer payday and title loans, cash checks, or operate as pawn shops and rent-to-own firms
Universal banks:	Offer virtually all financial services available in today's marketplace

To add to the prevailing uncertainty about what a bank is, over the years literally dozens of organizations have emerged from the competitive financial marketplace, proudly bearing the label of bank. As Table 1-1 shows, for example, there are savings banks, investment banks, mortgage banks, merchant banks, universal banks and so on. In this text we will spend most of our time focused upon the most important of all banking institutions—the commercial bank, which serves both businesses and household customers with deposits and loans all over the world. However, the management principles and concepts we will explore in the chapters that follow apply to many different kinds of "banks" as well as to other financial-service institutions providing similar services.

While we are discussing the many different kinds of banks, we should mention an important distinction between banking types that will surface over and over again as we make our way through this text—community banks versus money-center banks. Money-center banks are giant industry leaders, spanning whole regions, nations, and continents, offering the widest possible menu of financial services, gobbling up smaller businesses, and facing tough competition from other giant financial firms around the globe. Community banks, on the other hand, are usually much smaller and service local communities, towns, and cities, offering a significantly narrower, but often more personalized, menu of financial services to the public. As we will see, community banks are declining in numbers, but they also are proving to be tough competitors in the local areas they choose to serve.

One final note in our search for the meaning of the term banks concerns the legal basis for their existence. When the federal government of the United States decided it would regulate and supervise banks more than a century ago, it had to define what was and what was not a bank for purpose of enforcing its rules. After all, if you plan to regulate banks you have to write down a specific description of what they are. Otherwise, the regulated firms can easily escape their regulators, claiming they aren't really banks at all!

The government finally settled on the definition still used by many nations today: A bank is any business offering deposits subject to withdrawal on demand (such as by writing a check or making an electronic transfer of funds) and making loans of a commercial or business nature (such as granting credit to private businesses seeking to expand the inventory of goods on their shelves or purchase new equipment). Over a century later, during the 1980s, when hundreds of financial and nonfinancial institutions (such as J.C. Penney and Sears) were offering either, but not both, of these two key services and, therefore, were claiming exemption from being regulated as a bank, the U.S. Congress decided to take another swing at the challenge of defining banking. Congress then defined a bank as any institution that could qualify for deposit insurance administered by the Federal Deposit Insurance Corporation (FDIC).

A clever move indeed! Under federal law in the United States a bank had come to be defined, not so much by its array of service offerings, but by the government agency insuring its deposits! The importance of FDIC deposit insurance was also highlighted during the recent financial crisis, when investors sought out FDIC guarantees and then massive funds flowed into FDIC-insured accounts offered by banks and savings associations.

1.1.3 Services that Bank Provides

Most of the functions performed by commercial banks for their customers can be divided into three broad areas:

1. Payments
2. Intermediation
3. Other financial services

Payments

Banks are the core of the payment system. Payment refers to the means by which financial transactions are settled. Many financial transactions in the United States involve checking accounts at commercial banks. Therefore, the means by which such payments are settled is an integral part of the payment system. The payment system also involves the settlement of credit card transactions, electronic banking, wire transfers and other aspects in the movement of funds.

The role of banks in the payment system takes on an important social dimension because an efficient payment system is vital to economic stability and growth. At one time, commercial banks had a monopoly on transaction accounts, but that is no longer the case.

Savings and loans, savings banks, and credit unions (known collectively along with commercial banks as depository institutions) as well as money market mutual funds and brokerage firms also offer transaction accounts.

Commercial banks, along with the Federal Reserve System, are the heart of the payment system. The payment system can be divided into two parts, the retail payment system used by individuals to pay their bills or receive funds and the large-dollar payment system used by business concerns and governments to handle large-dollar domestic and international payments and receipts.

Financial Intermediaries

Deposit-type financial intermediaries are economic units whose principal function is obtaining funds from depositors and others, and then lending those funds to borrowers. They also provide other financial services. Banks are one type of financial intermediaries. In financial terms, the deposits represent bank liabilities and the loans are assets. Their profit is the difference between the rates at which they borrow and lend, after taking into account all of their expenses.

Bank Balance Sheet

Assets	Liabilities and Equity
Loans	Deposits
Other assets	Equity

Deposit Function

Commercial banks act as intermediaries between those who have money (i.e., savers or depositors) and those who need money (i.e., borrowers). As financial intermediaries, commercial banks enhance economic efficiency and economic growth by allocating capital to its best possible uses. Banks obtain deposits from savers by offering deposit instruments that

1. have a wide variety of denominations, interest rates, and maturities,
2. are risk-free (insured by the FDIC), and
3. have a high degree of liquidity.

These characteristics meet the needs of most savers better than bonds and stocks that may have higher denominations, high risk, less liquidity, and higher transaction costs. Nonbank financial institutions may offer similar services, such as money market mutual funds, but mutual fund shares are not FDIC-insured.

Loan Function

Commercial banks use deposits to make loans to borrowers. Historically the short-term deposits were used to finance short-term commercial lending. This explains the origin of the term commercial bank. Today, however, banks make every type of loan that is legally permissible and for periods up to thirty years (e.g., home mortgage loans). By doing so, they gained expertise in evaluating and monitoring the risks associated with lending. Thus, the intermediation allows for the shifting of risk from individuals who are not equipped to deal with lending risk to banks that specialize in risk management.

Financial intermediation between depositors and borrowers is crucial to the growth and stability of the economy. Economic growth depends on a large volume of savings and the effective allocation of the savings to productive and profitable uses. By offering depositors financial instruments that have desirable risk/return characteristics, commercial banks encourage savings, and by effectively screening credit requests, they channel funds into socially productive and profitable uses.

Other Financial Services

In addition to their traditional role of providing financial intermediation between depositors and borrowers, commercial banks provide a variety of other financial services. Some of these services are briefly described below.

Off-balance Sheet Activities

Banks use financial derivatives—interest rate swaps, financial futures, and options—to hedge interest rate, foreign exchange, and credit default risks. In addition, banks may earn fee income by guaranteeing the payment of another party. This type of guarantee is a contingent claim (the bank must pay only if the party defaults) and does not appear on the bank's balance sheet. The standby letter of credit is the best known of those contingent claims and involves the agreement by a bank to pay an agreed-upon amount on presentation of evidence of default or nonperformance of the party whose obligation is guaranteed. Commercial letters of credit, widely used in trade finance, are also supplied by banks but do not appear on their balance sheets.

Insurance and Securities Related Activities

Commercial banks and their affiliates are able to offer various types of life insurance policies, annuities, and related products. In addition, they can provide brokerage services—buying and selling securities for their customers—and may act as securities dealers, buying and selling for their own accounts. Finally, they may offer investment banking services such as underwriting securities.

Trust Services

Commercial banks may operate trust departments in which they manage the funds of others for a fee, under the terms of a trust agreement. Because the bank does not own the assets held in trust, they do not show up on the bank's balance sheet. In its fiduciary role, the trust manages estates, employee pension and profit-sharing programs, and a variety of securities-related activities for corporate businesses. Trust departments provide fee income for the banks.

1.1.4 Key Trends Affecting All Financial-service Firms

The foregoing survey of financial services suggests that banks and many of their financial-service competitors are currently undergoing sweeping changes in function and form. What are the key trends reshaping banking and financial services today?

Service Proliferation

Leading financial firms have been rapidly expanding the menu of services they offer to their customers. This trend toward service proliferation has accelerated in recent years under the pressure of increasing competition from other financial firms, more knowledgeable and demanding customers, and shifting technology. The new services have opened up new sources of revenue—service fees, which are likely to continue to grow relative to more traditional sources of financial-service revenue (such as interest earned on loans).

Rising Competition

The level and intensity of competition in the financial-service field have grown as financial institutions have proliferated their service offerings. For example, the local bank offering business and consumer credit faces direct competition for these services today from other banks, thrift institutions, securities firms, finance companies, and insurance companies and agencies. Not surprisingly with all this competition, banks' share of the financial-services marketplace has fluctuated significantly. For example, as reported by the Federal Deposit Insurance Corporation, insured depository institutions held more than 90 percent of Americans' spending money as recently as 1980—a market share that had dropped to only about 45 percent as the 21st century opened. This trend toward rising competition has acted as a spur to develop still more services for the future and to reduce operating costs.

Government Deregulation

Rising competition and the proliferation of financial services have been spurred on by government deregulation—a loosening of government control—of the financial services