This chapter focuses on the other core function of the banking business alongside taking in deposits from customers: lending. The traditional forms of lending include overdrafts, fixed-term loans, and syndicated loans. An overdraft generally involves an extension of credit by a bank to its customer via the customer’s current account. A fixed-term loan, as the name suggests, is a loan made for a fixed period of time. Meanwhile, a syndicated loan involves two or more banks that each contributes towards making a single loan to a borrower. The chapter then considers lender liability and the different forms of security a bank can use to realise the repayment of a loan in the event of default by the borrower. It also looks at recent innovations in the lending market that offer a competitive alternative to traditional bank lending, including payday lending and peer-to-peer lending.
4. Banks and finance

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