



# SNS College of Technology Coimbatore - 35



19BAE711 – Working Capital Management

Unit V – Working Capital Financing



Presented by

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*Design Thinker*

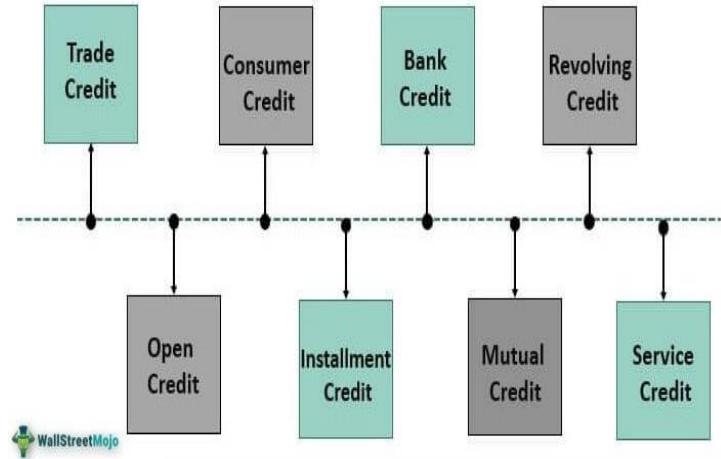
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Redesigning Common Mind  
and Business Towards



# Topic ??????????





# Lets Focus on

## Types of Bank Credit

### Bank Credit





# Meaning of Bank Credit

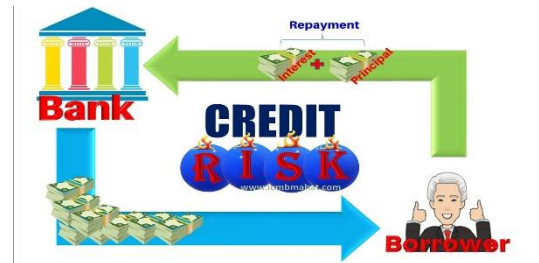
The term bank credit refers to the amount of credit available to a business or individual from a banking institution in the form of loans. Bank credit, therefore, is the total amount of money a person or business can borrow from a bank or other financial institution.





# Example of Bank Credit

The most common form of bank credit is a credit card. A credit card approval comes with a specific credit limit and annual percentage rate (APR) based on the borrower's credit history. The borrower is allowed to use the card to make purchases. They must pay either the balance in full or the monthly minimum in order to continue borrowing until the credit limit is reached.

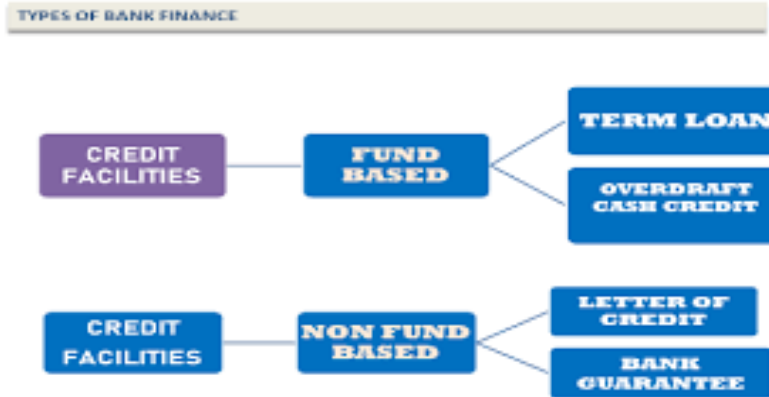




# TYPES OF BANK CREDIT

Bank credit comes in different forms

- Secured credit
- Unsecured credit
- Over Draft
- Cash Credit
- Term loan





# TYPES OF BANK CREDIT

## Secured credit

Secured credit or debt is backed by a form of collateral, either in the form of cash or another tangible asset. In the case of a home loan, the property itself acts as collateral. Banks may also require certain borrowers to deposit a cash security in order to get a secured credit card





# TYPES OF BANK CREDIT



## Unsecured credit

Unsecured credit on the other hand, is not backed by collateral. These kinds of credit vehicles are riskier than secured debt because the chance of default is higher. As such, banks generally charge higher interest rates to lenders for unsecured credit.





# TYPES OF BANK CREDIT

## Overdraft

An overdraft occurs when there isn't enough money in an account to cover a transaction or withdrawal, but the bank allows the transaction anyway. Essentially, it's an extension of credit from the financial institution that is granted when an account reaches zero.





# TYPES OF BANK CREDIT

## Cash Credit

Cash credit is referred to as short-term funding or loan for a company so that it can meet its working capital requirements. Banks offer cash credit to businesses based on the latter's credit history and financial stability.

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# TYPES OF BANK CREDIT

## Term Loan

A term loan is a monetary loan that is usually repaid in regular payments over a set period of time. Term loans usually last between one and ten years, but may last as long as 30 years in some cases.





# Assesment

- 1) The term ..... refers to the amount of credit available to a business or individual from a banking institution in the form of loans.
- 2) ..... is backed by a form of collateral, either in the form of cash or another tangible asset





# Summary

- **Bank Credit – Meaning, Example**
- **Types of Bank credit**





# Reference

- <https://www.investopedia.com/terms/b/bank-credit.asp#:~:text=Bank%20credit%20is%20the%20total,may%20be%20secured%20or%20unsecured.>





# Reach Us



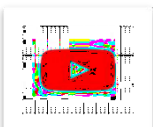
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