

Difference between banks & NBFCs

Banks

- Bank is a government authorized financial intermediary that aims at providing banking services to the general public
- A bank is registered under banking regulation act, 1949.
- Banks accept and lend deposit.
- Payment and settlement is the core activity of banks.
- Bank can issue self-demand draft on itself.
- Banks can draw a self-cheque by their own.
- Banks can create credit through multiplier financial activities.
- For banks Maintenance of Reserve Ratios is Compulsory.

NBFCs

- An NBFC is a company that provides banking services to people without holding a bank license.
- NBFC is registered under company's act 1956
- NBFC do not accept and lend deposit
- In NBFC, the payment system is not a part of the activity
- NBFC cannot issue self-demand draft their own.
- NBFC cannot draw self-cheque their own.
- NBFC cannot do it.
- For NBFC it is not required.