

SERVICES TO BUSINESS: ACCOUNTS

Businesses use banks to keep their money safe, to help them access and use it quickly, and to ensure that they make the most effective use of it.

The most commonly used accounts are the following:

1. **Current account (conto corrente):** used by firms for paying their bills or for receiving payments from their customers. Payments can be carried out by cash or cheques.
Moreover, payments can be made by:
 - direct debits (addebiti diretti), when they vary in amounts;
 - standing orders (ordini permanenti), when the amounts are fixed;
 - credit transfers (trasferimenti di fondi), used to pay money into current accounts of other people and to receive payments from customers.
2. **Deposit account (conto deposito):** used by firms to keep surplus cash for short periods. Unlike most other accounts, interest is paid on the account balance (saldo del conto). The invested money can't be cashed before advance warning to the bank, which needs a few days to release the sum.
3. **Foreign currency account (conto estero):** used by firms which trade overseas in order to reduce the risk of fluctuating exchange rates.

SERVICES TO BUSINESS: FINANCING

When an entrepreneur has a business idea, he needs cash to actualize it and, as the business grows, more money is necessary to finance expansion to keep up with competitors, to develop and market new products and take over other companies.

Banks make capital available to business at an interest rate for short or long terms, in the form of:

- **Overdraft or line credit:** it is an extension of credit that allows a company to transfer cash from its account beyond the available balance.
- **Loan:** it is a sum of money that is lent to a business owner over a long period of time and it must be repaid via periodic instalments at an interest rate. A bank may require a mortgage, that is a form of security, when the loan is not paid off: the mortgage gives the bank the right of ownership of a property belonging to the borrower.

- **Leasing services:** the bank (the lessor) buys the goods but gives the company (the lessee) the right to use them.
- **Factoring:** it is a type of invoice financing when the bank either advances money to a company at a fee and follows up its debt.
- **Forfeiting:** while factoring deals with ordinary goods, forfeiting deals with capital goods, commodities and high value transactions due within up to five years.