

INTRODUCTION

In recent years, a great many changes have had a strong influence on people's lives. The digital revolution, the COVID-19 pandemic, wars and political turmoil have created a new reality, with all these changes also having an impact on financial markets, money and banking. The latter has undergone many changes caused by the implementation of modern technologies and related product innovations, as well as the reorganisation of banking activities. There has also been an evolution of the economic and institutional environment of banking systems on a global and national scale.

Although traditional banks continue to play an important role in the economy and have special characteristics as financial institutions and entities of public trust in one, there are also new market participants such as digital banks, FinTech and BigTech that pose serious challenges, and bring potential risks. Money and forms of making payments are also changing. Central bank digital currency is a new form of money that can potentially substitute physical cash. Cash payments are being displaced by cashless payments and digital wallets. All these changes create the need for the evaluation and update of the current state of knowledge.

This book is a compendium of knowledge in the areas indicated above. It is divided into three parts. The first part refers to the topic of money and consists of four chapters. The second part relates to banks and their regulations, types and performance. It contains five chapters. The last part refers to banking systems and contains seven chapters. All chapters can be read independently. Each part contains graphic elements with illustrations and data, practical examples interesting facts and links to external sources, which expand the scope of the publication and strengthen its relevance.

The first chapter relates to money and monetary systems, and includes a description of the concept of money, its characteristics and functions, as well as the evolution of money and the development of monetary systems. Here, the reader can find information about types of monetary systems and the mechanism of money creation.

The second chapter deals with exchange rates, with the authors elaborating on the definition and types of exchange rates and exchange rate systems. There is also a part dedicated to the Forex market and Forex trading, as well as exchange rate risk and risk management.

The third chapter covers the characteristics of central banking and monetary policy. There is a description of the history of central banking and the functions of central banks. In this chapter, the reader also learns about the strategies and goals of central banks, monetary policy tools and the monetary policy transmission mechanism.

The fourth chapter refers to the international aspects of money and banking, and discusses the globalisation and internationalisation of banks. Separate sections are dedicated to international payment infrastructure and international financial institutions such as the International Monetary Fund and the World Bank.

The second part of the book begins with chapter five. In this chapter, the reader will find information about the place and role of the banking system in the financial system. There is also a detailed description of the role of banks in the economy, as well as the latest trends connected with banking systems, i.e. the digital revolution.

The sixth chapter covers the topic of regulation, supervision and crisis management in banking. It includes a section on banking regulation, the financial safety net, and bank recovery and resolution. The reader also learns about shadow banking and its importance, challenges and threats.

Chapter seven describes the types of banks. The authors explain the different types of banks, taking into consideration the form of ownership and range of services offered. Separate sections are dedicated to the topics of traditional and modern banking, global banks and socially responsible banking.

The eighth chapter contains information on bank reporting and performance, and presents a bank's financial structure, balance sheet and income statement. The reader also learns about the international reporting standards for banks, as well as bank performance and financial ratio analysis. In line with current trends, there is also a section related to non-financial reporting and banks' corporate sustainability reporting.

The ninth chapter is the last in part two of the book. In this chapter, the authors address financial and risk management in banks, describing banking activity in the context of financial and risk management, and explaining the topic of asset and liability management. In separate sections, the reader learns about bank liquidity, reserves and capital adequacy requirements, as well as banking risk.

The third part of the book starts with chapter ten, containing a presentation of the banking system in the UK. The reader finds out more about the history of the UK banking system, its structure and regulatory framework. The chapter concludes with basic statistics and numerical data related to the UK banking system.

Chapter eleven has the same structure as the previous one, but the information presented relates to the banking system in the US, with sections dedicated to the history of the US banking system, its structure and regulatory framework. Again, the last subchapter provides basic statistics and numerical data related to the US banking system.

Banking in the European Union is described in chapter twelve. Here, the reader learns more about the origins of banking in the EU, the structure of the Eurozone central banking system, as well as the structure of the banking system outside the Eurozone. Separate sections are dedicated to the regulatory framework of EU banking, basic statistics and numerical data related to EU banking.

Chapter thirteen contains information on the banking system in Japan. Again, as in chapters ten and eleven, there is a description of the history and structure of the Japanese banking system, as well as the regulatory framework. The last subchapter provides basic statistics and numerical data related to the Japanese banking system.

In chapter fourteen, the authors describe banking systems in different emerging markets. There are separate sections dedicated to India, South Africa, Brazil, Mexico, China and Vietnam. In each section, the reader will find the most important information about central banking, bank types, and the regulations in each country.

The topic of chapter fifteen is Islamic banking, where the reader will learn about the history of Islamic banking, its regulations and basic financial products and services. The chapter concludes with a section containing a comparison between Islamic and conventional banking.

The last chapter covers the topic of contemporary trends in banking. In this chapter, the latest trends in retail, corporate, investment and central banking are presented. The authors have also made an attempt to describe the latest challenges and opportunities faced by banks.

This book is suitable for students following a course on general banking, central banking, investment banking, banking systems, international finance or international money as part of an economics or business programme at undergraduate, advanced undergraduate, MBA or specialist Master's levels. It is also the ideal source of information for academic teachers who want to recommend to their students a clear, non-technical explanation of issues related to money and banking systems.

*Katarzyna Schmidt-Jessa
Anna Iwańczuk-Kaliska
Anna Warchlewska*