

## Section-3

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What is Concentration banking? Explain?

Concentration banking is the arrangement used by the firm, where in the funds from all the regional banks in different locations get concentrated or collected into the single bank account.

Its operation parts of the country and its order to ease the complexity of handling multiple banks account at different locations.

Although the organisation can have many accounts in different banks, but they usually have a single account in which major transactions take place. Such account is called the concentration accounts and the banks in which the a/c is held.

The Concentration banking operation

- ① first of all the places are identified where company's major customers are placed and then the local banks

② On the realisation of cheque the funds are transferred to the head office, through telegraphic

The concentration banks helps the Org. in reducing the mailing float - the customer are either collected in person or by local post.

Through concentration banking, the banking processing float has also been reduced considerably the cheques are cleared locally and the funds are available.