Financial Institutions in an Economy
Insurance
Definition: A practice or arrangement by which a company or government agency provides a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a premium
Role in Economy: Enables to mitigate loss, financial stability and promotes trade and commerce activities those results into economic growth and development.
Banks
Definition: Financial institution licensed to receive deposits and make loans.
Role in Economy: Provide financial services including both short-term financial opportunities and long-term loans
Credit Unions
Definition: A nonprofit-making money cooperative whose members can borrow from pooled deposits at low interest rates
Role in Economy: Contribute to economic development through the wider community, mobilizing significant volumes of saving
Savings
Role in Economy: Increase the amount of fixed capital available, which contributes to economic growth.
Definition: The money one has saved, especially through a bank or official scheme.
Investment Firms
Role in Economy: Hold and manage securities for investment purposes, but they typically offer investors a variety of funds and investment services.
Definition: A financial institution that sells shares to individuals and invests in securities issued by other companies.