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Early Repayment: is repayment of principal amount or loan installment or accrued interest on a loaning prior to the re-payment date agreed with the lender; early re-payment may entitle the borrower to certain concessions such as a rebate in the interest or mark-up rate, or re-purchase price provided the borrowing agreement executed with the lender stipulates such concessions on the part of the lender.

Early Retirement of Debt: is repayment of the full amount of principal balance due on a loan before its maturity date, together with interest charges and fees for early repayment, if any, so as to close the loan account with the lender.

Early Warning System: is a preventive mechanism designed to provide advance warning about the malfunctioning of a system in the future so as to assist those responsible for the system and to take preventive measures. In banking it refers to a system of diagnosis and reporting of the financial strength of a bank, mainly based on the periodic evaluation of the quality of its loan portfolio as a part of banking supervision and regulation requirements of the central bank.
(see Banking Supervision)

Early Withdrawal Penalty: is a penalty imposed by the bank on depositors for withdrawl of their deposits prior to the withdrawal date agreed with the bank; it is calculated on the principal amount at a penalty rate stipulated by the bank at the time of accepting the deposit for the period commencing from the date of withdrawal of the deposit to the withdrawal date previously agreed with the bank.

Earning Assets: are assets which generate or contribute to income or revenue for the asset holder or asset owner; the opposite of idle assets; in banking, loans and investments are the earning assets. *(see Assets)*

Easy Entry: easier conditions, terms, and requirements for starting a new bank or a new business; regulatory, legal, financial, and technical requirements that can be easily fulfilled by new entrants in banking, financial services, or in business activities. *(see Entry)*

Economic Concentration: is reflected by the dominance of a sector in the economy in terms of sector's share in total production, employment, and income of the economy; or concentration means; preponderance of one activity in the total number of economic activities; or excessive reliance on a few items for production, income or exports.

Economic Costs: are financial costs adjusted for the opportunity cost of resources and inputs used in a given activity, investment or project; where opportunity cost indicates optimal use of resources, free of distortions in pricing and allocative mechanisms, taking account of externalities based on valuation of social costs and benefits of the investment or the project.

Economic Efficiency: at macro-economic level, or at the aggregate level it is optimal use of resources to generate income, production and employment; at micro-economic or unit level, the lowest amount of inputs needed per unit of output; generally refers to an optimal allocation of resources to maximize value of goods and services produced thus maximizing output and income; this is also called allocative efficiency.

Economic Shocks: are caused by sudden adverse developments in the market place such as a sharp drop in prices of strategic commodities causing widespread losses; or by a major increase in the rates of interest; or a massive devaluation with major impact on foreign trade; or a government ban on engaging in certain lines of activities prompted by non-economic or political concerns; or sudden drop in the prices of securities, shares and stocks in the financial markets; or denial of access to certain markets or sources of funds.

Economic Structure: of a country is reflected by relative shares of various sectors of economy in production, employment, investment, and foreign trade; at the sectoral level, for a major sector of the economy, the structure is defined by its sub-sectors, and concentration of sub-sectors with reference to production, income and employment; another dimension of economic structure is concentration of ownership of resources and income distribution.

Effective Cost: is actual cost of an item, an activity or a transaction based on the direct cost as well as indirect costs and overheads and their time of effectiveness.

Effective Date: is the date a contractual agreement is in effect; the commencement date; the date a loan is available for disbursement; the date a payment or a financial transaction can be conducted.

Effective Interest: is realized interest cost or interest income of a financial instrument or a financial asset over a specific time period based on nominal interest rate, maturity, and transaction costs.

Effective Price: is realized price of an item for a buyer or a seller in a transaction after taking account of price discounts, payment methods, and timing of the transaction.

Efficiency: in generic sense, efficiency is enhanced performance through superior management of the available resources, preferably measurable in value over a defined period, or as reflected in qualitative improvements; there are several types of efficiency such as economic, financial, technical, managerial, organizational, allocative, and others; each of these have their own contextual meaning, criteria of evaluation, and measurement techniques; among these:

- economic efficiency; *(see entry above).*
- financial efficiency; is the optimum return for a given amount of financial resources used, measured as a ratio of turnover, income, profit, return as below.

Efficiency Ratios: are the measurements of efficiency and indicators of financial performance of a business, an enterprise, or a financial institution.

- For a financial institution or a bank, these ratios measure efficiency of financial intermediation or banking operations such as the ratio of intermediation costs to loans and advances, the proportion of administrative costs in the banking spread, or its ratio to total assets in a given year; or the collection ratio; or profitability ratios such as return on equity or total assets; this ratio also provides a proxy measure of efficiency.
- For a business or enterprise, these ratios provide a measure of efficiency of business operation either in terms of maximization of profits for a given level of costs, or minimization of costs for a given level of profits.

Efficient Banking System: a banking system with low intermediation costs relative to the range and quality of banking services rendered; efficiency is based on banking practices, policies and procedures adopted by banks to ensure that financial resource mobilization, customer services, and bank lending activities are optimized, depositors get optimum return on their savings, banking services are made available at lowest cost and level of financial intermediation is as high as possible.

Efficient Economic System: an economic system where the allocation and use of resources of all types such as human, financial, natural, or technical resources to various economic sectors are based on their economic value or scarcity value relative to the opportunity costs and returns to optimize output and income.

Efficient Financial System: a financial system which optimizes financial resource mobilization and its allocation among various categories of users at market determined costs and prices so as to optimize overall returns; a system characterized by market-determined interest rate structure, both on the deposit side and lending side; a process of financial intermediation guided by market determined returns, and a credit system largely free of interventions and distortions thus ensuring optimal use of credit; a system where the costs of financial intermediation are market based and minimized relative to the size and level of financial resources mobilized and allocated; a system where financial markets are free of distortions so as to transmit and reflect impact of market freedom transactions and prices. *(see Financial System)*

Electronic Banking: a system for transmitting and executing instructions for banking transactions in real time through electronic telecommunications and computerized links between banks and customers via telephone lines or satellites or Automated Teller Machines.

Electronic Fund Transfer: transfer of funds where instructions from the sender to remitting bank, and from the remitting bank to the paying bank, are transmitted through electronic means of communication; fund receipt and payment takes place in real time and instantaneously.

Electronic Fund Transfer at Point of Sale (EFTOPS) : a computerized or electronic terminal at a retail point, a store, a hotel, or a retail counter, that allows a card holder to authorize direct payment to the retailer.

Embedded Option: is an option included in a financial contract, or implicit in another instrument such as the option in a mortgage loan allowing a borrower to prepay the loan under agreed terms; or an option available to a bond issuer to redeem a bond before its maturity; or the option of bondholder to sell a bond to the issuer at a pre-determined price; these options are common in debt markets.

Embezzlement: is fraudulent withdrawal or transfer of funds from a bank or a financial institution, where the liability of the loss is with the institution; or from an account in a bank, where the loss is against the account holder; or from a fund against budgetary or financial appropriation.

Ending Balance: is the balance left in an account at close of business on a working day, or at the end of an accounting period, or after the last transaction executed by a customer or a bank on behalf of a customer.

Endorse: is to transfer rights and privileges; or to transfer a negotiable instrument to a beneficiary, such as payment of a cheque through an endorsement on the back of the cheque to a third party.

Endorsee: one who is assigned or endorsed the value of a financial instrument by its owner, the endorser, but is not the original beneficiary stated on the face of the financial instrument.

Endorsement: is instruction or notation by an endorser on a negotiable instrument thereby endorsing it in favor of another party.

Endorser: one who endorses a negotiable instrument, for instance, the payee or a bona fide holder of a negotiable instrument may endorse it in favor of another party by assigning its proceeds to that party; by endorsing the instrument, the endorser becomes liable to pay value of the negotiable instrument to the endorsee.

Enforcement Cost: the costs and expenses incurred by the aggrieved party to a contract in taking measures to compel the defaulting party to honor its commitments under the contract through legal proceedings or other measures.

Enforcement Powers: powers bestowed by terms of a contract upon the parties to a contract for taking measures to compel party who defaults or fails to honor its commitments under the contract through legal proceedings or other measures.

Entrepreneur: is a risk-taker, venturing into new lines of activities and willing to bear the inherent risks, known or unknown, for the reward of profits and recognition, but not a speculator, or a plunger; introducing a new product, a new technology or a new process of production, pioneering into new markets and opening new opportunities; adopting new and innovative techniques of management, business and industrial organizations; a market maker or a market leader for introducing new methods, techniques and processes in existing businesses or lines of activities; a central figure credited with much of the progress of industrial societies since industrial revolution.

Entrepreneurial Risk: is the risk associated with entrepreneurial activities such as introduction of a new product and innovations, or starting a new process of production, or entry into a new market, or an investment in new lines of activities.

Entry: into a new line of business or financial activity, opening or starting a new company, under a system of control and regulations.

- the ***Entry System*** consists of rules, regulations, requirements and minimum standard stipulated for starting a new business, opening a new bank, or initiating a new line of activity; these requirements may be soft to permit new entrants easily with relatively modest amounts of initial capital and easier conditions of organizing and chartering a new business, corporations or a bank, called a system of Easy Entry; in contrast, entry may be strictly controlled with stringent requirements partially denying new entry for various reasons.
- the ***Entry Control*** mechanism consists of rules and procedures stipulated by authorities to permit new entrants concerning regulatory, legal, financial or technical requirements; in banking, entry control concerns licensing and minimum capital requirements; rules and regulations regarding ownership, chartering, capitalization; scrutiny and due diligence of owners, organizers and senior executives, done mainly by the central bank; in business, similar but less stringent entry requirements are prevalent depending on the line of business; these control mechanisms are effectively used by authorities to allow or deny new entry, particularly in banking.

Equal Credit Opportunity: is a legal requirement binding on lending institutions to provide equal access to borrowers and not to deny credit on the basis of faith, gender, social or political affiliation of the borrower or other non-financial grounds.

Equity: in finance it means capital invested by owners or shareholders in a financial institution, in a company or in a business; also means own capital, or shareholders' funds invested on the basis of share and stocks owned.

Equity Finance: is the amount of capital invested as equity in a business venture with profit or loss sharing obligation on the part of the investor as against loan finance. *(see Loan Finance)*

Equity Funding: is to provide funds for equity finance from own sources; or to mobilize and make available funds for investment in the share capital.

Equity Holdings: ownership of shares in business ventures; extent of share ownership equity in a company or a business, or an enterprise, or a group of businesses.

Equity Linked Debentures: is to issue debentures under certain conditions specified in the debenture document or the indenture, that they may be converted into a specified number of common shares of the issuing company; this linking of debentures with the provision of conversion into shareholdings is to provide security and to reassure lenders, because otherwise debentures are essentially unsecured bonds issued to a single or a small number of lenders who assume the lending risk of the issuing company.

Equity Markets: securities markets or capital markets providing facilities to mobilize equity funds from potential investors to those seeking equity finance; these markets provide arrangements to buyers and sellers of shares and stocks for listed or unlisted companies either directly or through institutional arrangements such as stock exchanges and brokerage houses.

Equity Share Certificate: are certificates issued by a company acknowledging the value of the claim or share of the owners in the company signifying ownership.

Escrow: is a deed or a written agreement authorizing holding of funds in a joint account by a custodian, usually a designated bank; these joint accounts normally pay the same rate of interest as saving accounts, and enable the lending bank to monitor utilization of credit extended by them in order to safeguard their own interest of timely repayments.

Establish, Credit: for a borrower, it implies initiating and preserving a good credit rating, or credit-worthiness with a lender, a bank, or a financial institution; for a business it implies maintaining a good financial relation with creditors as well as with customers.

Estate Advisory Service: an institution whose activity or business is to provide advice on matters such as administration, maintenance, improvement, acquisition, or disposal of estate or property.

Eurobonds: are medium to long-term debt securities issued by borrowers typically issued in a number of European currencies, or traded in European financial markets, but outside the home market of the issuer.

Eurocurrencies: are the off-shore deposits of the European currencies with foreign banks, or with the off-shore branches of local banks; for example, deposits of pound sterling with European or British banks outside England, or Swiss franc deposits held outside Switzerland, or Japanese yen deposits outside Japan, held by foreign banks in European money centers. In this sense, these are foreign currency deposits, not necessarily of European currencies, but other major international currencies as well.

Eurocurrency Market: is a market in Eurocurrencies at major money centers around the world such as Tokyo, Singapore, Hong Kong, Bahrain, Frankfurt, Zurich, Paris, London, New York, Chicago and San Francisco, providing facilities for buying and selling Eurocurrencies, as well as borrowing and lending of large amounts of major Eurocurrencies.

Eurodollars: are the off-shore deposits in US dollars outside the US in foreign banks or with the overseas branches of US banks, available to US banks as borrowings from overseas banks or as deposits from their own branches, thereby significantly increasing their liquidity or loanable funds; these off-shore deposits in the US dollars originated mainly to avoid US regulatory or monetary controls, or a freeze on foreign assets held in the USA such as those on Iranian assets in 1979, and Iraqi assets in 1990, yet to take advantage of the strength of the US dollar as the prime internationally convertible currency.

Eurodollar Market: a financial market in off-shore US dollar deposits, held mostly by the European banks or off-shore US banks, at major money centers such as Frankfurt, Zurich, Paris or London, where US dollar funds are freely borrowed and lent, and securities denominated in US dollars issued by non-US citizens or entities, are freely traded.

Euronotes: are short-term debt securities issued in a number of European currencies by borrowers outside their home markets with underwriting commitments extended by commercial banks.

European Currency, EURO: is the single, unified currency of the member countries of the European Union (EU), effective first January, 1999, adopted under the Maastricht Treaty of 1992, and managed by central bank of EU created in parallel; member countries of EU may join if they meet the requirements, the EURO has fixed conversion rate against member currencies, but fluctuates against US dollar and other currencies as per market conditions; EURO replaced ECU which was the unit of account but not the currency of EU; Euro is also the currency of transaction for banking system, it is a unit of account as well as unit of exchange.

European Monetary System (EMS): a monetary system being adopted by the members of the European Community whereby the member countries coordinate their monetary policy and keep the exchange rate of their currencies within a band, a pre-defined upper and lower limit of the exchange rate.

European Style Option: is a currency option or an interest rate option contract which can be exercised only at a fixed contracted date. *(see Option)*

Evaluation (Financial): is the determination of feasibility of a business or a financial proposal involving analysis of costs and returns relative to widely accepted benchmarks and relevant details specific to the proposal concerned; requires a scrutiny of facts and figures, underlying trends and financial capacity of parties concerned; critical to prudent decision making for financial decisions.

Evergreen Credit: is a long-term loan agreement which provides that installments will consist of only accrued interest, and the principal will be paid at maturity; the 'interest only' option gives the borrower substantial convenience in loan repayment; it ensures that the benefit of the entire principal amount remains available to the borrower during the life of the credit.

Examination of Portfolio: is assessment of an investment portfolio or a loan portfolio consisting of risky assets to determine various types of risks associated with the portfolio, such as default risk, earnings fluctuation risk, market risk, management failure risk and purchasing power risk; assessment of the risk is based on the type of risk, the proportions of risky assets, the track-record of the risky assets, and expectations of future trends.

Exception: is an item or event excluded from a category in which it otherwise ought to be included, on account of being dissimilar, to the other items included in that category; for example, an unauthorized excess drawing over sanctioned credit limit appearing in a list of authorized excess drawings over sanctioned limits.

Exception Loan Review: is scrutiny of outstanding loans in a credit portfolio, which were either extended without completing requisite credit sanctioning formalities or procedures, or where the borrowers had violated one or more terms of the borrowing agreement executed with the lender.

Excess Collateral Availability: occurs when a borrower has availed credit within the limit set out in the borrowing contract, but has provided collateral to the lender exceeding collateral value stipulated by the borrowing agreement or contract.

Excess Demand for Credit: for the credit market as a whole, excess demand for credit occurs when aggregate amount of credit required by borrowers exceeds the amount of credit available from all sources at a *given interest rate* and at a point of time.

Excessive Arrears: for a borrower, it is the accumulation of unpaid liabilities which add up to a sizable amount in relation to the total outstanding liabilities of the borrowing entity due to nonpayment on due dates; for a lender, it is sizable accumulation of payments overdue from the borrowers on loans outstanding.

Excessive Centralization: is concentration of operational or decision-making authority in the hands of a few people, or at fewer organizational levels than would be expedient in view of the size and complexity of the organization, or the nature of its operations.

Excessive Indebtedness: occurs when a borrower has incurred liabilities to outsiders in excess of its capacity to repay, thus seriously impairing its ability to continue to operate at its existing activity level.

Excessive Risk: are risks beyond the routine or prudential limits, endangering risk-takers' solvency or even survival, because of a higher probability of losses; risks associated with speculative activities or in ventures assessed to harbor a larger potential for loss; excessive risk- taking may easily degenerate into speculative activities, and maybe well beyond the capacity of risk-taker to manage or effectively monitor the risks.

Exchange Rate, Nominal: nominal exchange rate is defined as the number of units of a currency needed to purchase one unit of another currency; it is the price of a unit of one currency expressed in terms of a unit of another currency; for example, in case of US dollars relative to pound sterling 1:1.450, means that the buyer needs to pay US dollars 1.45 to acquire one pound sterling.
(see Foreign Exchange)

Exchange Rate, Real: *(see real exchange rate)*

Exchange Rate Risk: is the risk associated with changes in exchange rate depending on the type and size of exposure of those engaged in foreign finance such as the borrowers or lenders of foreign loans, dealers in foreign exchange, traders engaged in imports or exports, guarantors of obligations denominated in foreign currencies, and, in general, the foreign currency holders.

- ***for the borrower;*** in case of depreciation of the local currency against the currency of the foreign loan obligation, the borrower may face a substantial increase in debt servicing burden, because the borrower's business operations, and turnover, sales, and profits are in the local currency; generally a devaluation will increase the domestic currency costs of repayment due on a foreign loan, and will increase the equivalent amount of external debt liability.

- ***for the lender;*** it is reverse of borrower's risk; if a lender has accepted to receive repayment in a currency other than currency of loan without a risk cover charge; if loan is in a hard currency, a depreciation in exchange rate in borrowers' home country, may enhance risk of default or non-payment, but this does not constitute exchange rate risk.

- ***for the guarantor;*** the exchange rate risk on a foreign loan is similar to that of the borrower, but may occur only in the case of default by the borrower covered by the loan guarantee.
  (see Foreign Exchange)

Exempt Securities: those securities whose interest income, dividend or capital gains are exempt from tax liability; tax free securities or bonds.

Expansionary Fiscal Policy: a policy of the government to increase its expenditures to cause a direct increase in the aggregate expenditures; or lower its taxes to increase disposable income of tax payers, thus indirectly causing an increase in aggregate expenditures to support economic revival in times of recession, and generally to promote economic activity.

Expansionary Monetary and Credit Policy: is aimed at increasing liquidity of the banking system and an increase in banking credit in response to adverse economic and financial trends; the main purpose of monetary and credit expansion is to provide additional financial resources through banking system at lower costs to businesses and to investors; if the economy is in recession, central bank may lower the reserve ratio, or increase the credit to deposit ratio, lower liquidity requirements and enhance banking liquidity, or take some other step to inject liquidity into the economy to enhance the availability of banking credit; this may be done either directly through open market operations or indirectly by allowing banks to extend more credit; or central bank may lower the prime rate, or lower the discount rate on treasury bills, and thus lower entire interest rate structure on the lending side to reduce cost of borrowing; all of this is done to counter a business slow down, a downturn in sales to enhance investments, lower unemployment, increase production and income and GDP, or to achieve similar macroeconomic objectives.

Expected Life of the Security: the time period during which a security is expected to maintain its stated or assigned value and remains valid for trading and realization.

Expected Losses: estimated losses which are likely to be sustained in the future, resulting from a failed transaction or a business deal, a bad investment or a bad project, or due to adverse changes in business and financial circumstances.

Expense Center: is an organizational unit which incurs expenses but does not directly generate revenues in a visible or tangible manner because of the nature of its activities.

Expense Control.: involves monitoring and supervision of expenses; a conscious effort to confine expenses as budgeted, or within the levels considered appropriate by the management of the organization through ensuring compliance of company policy on incurring expenses by various organizational units on the account of the company.

Expiration Date: is the date when a contract, a transaction, a financial obligation or instrument, a benefit, a guarantee, or a commitment ceases to be valid.

Explicit Costs: are costs of a banking or business activity that can be directly attributed and accounted for that activity such as labor and materials costs and a pro-rated portion of fixed costs for the production of an item, or for providing a banking service to the clients; in contrast with implicit costs that can not be directly accounted for or imputed to a business or a service. *(see Implicit Costs)*

Explicit Interest Rate: is the stated or nominal rate of interest payable or chargeable on funds borrowed or lent; the rate of interest specified in lending or financial transactions.

Explicit Interest Charge: is the nominal or stated interest charge to be paid as a separately identifiable item of expense, or as the cost of borrowing.

Export Insurance Schemes: insurance schemes which guarantee payment to the local exporters in the event the authorities in the importing country subsequently impose exchange controls, moratoriums, or restrictions, thus preventing importers in their countries to pay for the imported goods; such insurance is usually provided by the government or its agencies; in Pakistan, Export Credit Guarantee Scheme provides this insurance.

Exposure, Loss: is the potential loss inherent in a business or financial activity depending on the degree of exposure based on the financial position at stake. The loss may or may not materialize depending on the outcome, but the banker or businessman has to take steps to safeguard against the potential loss, involving financial cost, depending on the degrees of exposure.

Exposure, Risk: risks of various types inherent in financial or business activities depending on the degree of the exposure; for example, in bank lending, the proportion of loan portfolio in high risk loans; or in securities investment, the proportion of high risk or volatile stocks and shares; in foreign exchange trading, the holdings of the trader in weak or volatile currencies relative to stable and strong currencies.

Extend Credit: to approve or to sanction credit facilities; to provide loan funds or its equivalent in goods or services on credit.

External Audit: audit of an organization or a company or an enterprise conducted by an outside auditor or an auditing firm appointed by the management of the company, or the owners or directors of the company and report to them directly on the affairs of the organization; a routine procedure for incorporated businesses to conduct such audit at the close of the financial year.

External Debt: is foreign debt consisting of loans and borrowings denominated in foreign currency and repayable in foreign currency, obtained by the government, government agencies and public sector organizations with the guarantee of the government; and also the private external debt obtained by private sector borrowers from foreign sources; classified as

- ***Private External Debt;*** are the foreign borrowings of private companies, businesses or banks, without the guarantee of central bank or the government for repayment; lodged as private sector liability in the external debt accounts.
- ***Public External Debt;*** are the foreign borrowings of the government, the central bank, public sector agencies and enterprises; or foreign loans obtained on sovereign guarantee regardless of the borrower, and are recorded as the liability of the government in external debt accounts as public and publicly guaranteed debt. *(see Public Debt)*

External Debt, *by Source:*

- ***Commercial loans*** obtained on market terms from various sources, but mainly from multinational banks, both by public and private sector borrowers in various currencies and of various maturities; suppliers credits mostly obtained by the private sector and also by government organizations and enterprises; foreign currency deposits with the explicit guarantee of repayment and exchange rate guarantee tendered by the central bank; short term foreign credits for trade financing, such as the letters of credits and bankers' acceptances.
- ***Bilateral loans;*** *(see Bilateral Loans)*
- ***Multilateral loans;*** *(see Multilateral Loans, Foreign Private Investment)*

External Debt: ***by Maturity:***

- **Short Term Loans:** are foreign loans of a maturity not exceeding a year, consisting of trade financing facilities, overseas bankers' acceptances, suppliers' credits, short term loans extended by multinational banks, all carrying foreign currency repayment obligations.

- **Medium to Long Term Loans:** are foreign loans of maturities of more than a year, bulk of it upto five to seven years, and long term debts of 8 years to 20 years of maturity, such as development loans obtained from multilateral credit institutions. Long term loans are mostly for investment purposes and capital expenditures of development projects.

External Funds: are funds received or borrowed from foreign sources; funds originating from outside sources, other than funds generated internally from the business operations of the company or a business; funds recorded as a liability owed to outsiders in the books of account of a company or a business entity.

External Funding: is the size of external funds or the amount of funds obtained from external sources.

External Imbalance: is the imbalance in the foreign sector of an economy; the imbalance in foreign receipts and payments of a country; in economics, it is the deficit on balance of payment accounts of a country arising from the trade deficit, the usual source of external imbalance, or an excess of payments over receipts on services account, or an excess of capital outflows over capital inflows, the capital account deficit; it also refers to the dependence of a country on foreign resources.

Extra-budgetary Finance: are financial resources deployed to meet the shortfall in budgeted income or revenues, or if budgeted outlays exceed their approved levels; for example, in budgetary operations of the government, if expenditures or commitments exceed approved levels, excess expenditures are financed by the government through borrowings either from central bank or the banking system, or through additional taxes and surcharges; if financing is done through government borrowings, it affects the banking credit system, and if taxes and surcharges are levied, the burden falls on the taxpayers; in any event such additional financing from borrowings or taxes and surcharges is extra-budgetary finance .