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Handling Charge: in banking, it is the cost of processing a banking transaction involving a cheque, a draft or any other financial instrument requiring bank processing through its network facilities.

Hard Currency: is a strong international convertible currency used for international payments and kept as reserve of foreign exchange or as backing of the domestic currency; the hardness refers to the free convertibility with a stable value in foreign exchange markets.

Harmonize with International Standards:

- ***Accounting and Auditing System:*** is adoption of internationally accepted system, rules, procedures, and conventions of accounting and auditing such as GAAP; or to harmonize with similar system prevailing in other countries.
- ***Banking Supervision and Regulation:*** adoption of rules, regulations, practices and procedures concerning banking supervision that are internationally recognized, such as BIS Guidelines to ensure minimum standards.
- ***Tariffs:*** is to streamline tariff structure as per international trade agreements and conventions. *(see Banking Supervision and Regulation)*

Hedging: is the use of financial market mechanisms, instruments or techniques such as swaps, options and futures contract to protect against loss caused by price or interest rate fluctuations; for example, borrowers may buy or sell interest rate futures to protect against changes in short term interest rates; investors may similarly protect themselves against price changes; they may sell a forward contract in the futures market to protect against a fall in the price; or they may buy forward contract to protect against a price rise.

Hedging Instruments: are instruments such as bonds, securities, coupons and other debt instruments purchased or sold in a hedging transaction.

Hedging Opportunities: availability of securities and bonds of different maturities and different interest rates for hedging activities; availability of a futures market for transactions in futures contracts and foreign exchange related hedging transactions.

Hidden Costs: are costs associated with an obligation that are not specified at the time the obligation is assumed; or costs that are not reflected directly in the income statement and are difficult to quantify such as losses caused by wrong decisions, or misuse of company assets.

High Grade Securities: securities issued by government authorities; or by companies of good reputation and earning capabilities; or securities backed or guaranteed by financially strong parties or institutions with good return with low or reasonable risks.

High Risk Assets: are assets whose market or realizable values or returns have a relatively high risk and may fluctuate widely due to unpredictable factors.

High Risk off-Balance Sheet Items: are assets and liabilities of a bank or a company that are not shown in the balance sheet and are of a volatile nature, as their values may change in an erratic or unpredictable manner; for example, in case of a bank, interest rate swaps involving high risk, would be an off-balance sheet item with greater than normal risk.

High Yield Activities: finance, business or investment operations that give better than average return in relation to the resources employed to earn them; for example, for a bank, wholesale and corporate banking operations may yield comparatively better returns than those generated by retail operations.

High Yield/High Risk Securities: are securities with high risk, rated below investment grade by a rating agency such as low grade bonds, non-investment grade bonds or junk bonds, but with a strong potential of high yield or capital gains.

High Leverage: a company or a business whose debt to equity ratio is high, that is, its borrowings are large in relation to its equity. This may happen when it is advantageous for the company to increase the return on its equity, but this could be counter-productive and risky as well.

Historical Cost: the original cost or acquisition cost in monetary terms at which an asset was purchased; historical cost has a bearing in determining the amount of annual depreciation on the asset and in computing its book value; may also be of use at the time of asset replacement or its valuation.

History of: a detailed description of events in the past, track-record of operations, highlighting trends and periods of up and down swings, and strengths and weaknesses of a company or an activity.

- ***Credit:*** record of transactions of a single loan.
- ***Borrower:*** record of credit worthiness and financial integrity of the borrower; details of loans and credits obtained by the borrower and the performance record.
- ***Loan:*** a track-record of a loan from the date of application, its sanction, perfection of security, operations in the account, steps taken in case of a difficulty in its adjustment and final repayment.
- ***Repayment:*** the repayment or adjustment record of a credit facility or a loan; if the loan is being repaid satisfactorily then it is a matter of record only, but if there are difficulties in its repayment then this history becomes important to take suitable steps for recovery, rescheduling or legal proceedings; repayment history is more relevant for single loans or single purpose advances as compared to lines of credit, with several advances and their adjustments are done at the expiry of the line of credit, whereas adjustments in a single loan are done within the disbursement period of the loan.

Holder: an entity or a person who holds or has possession; in the context of a financial instrument, it means payee or endorsee in possession of a bill of exchange or a promissory note who is entitled to receive payment on the instrument or to endorse it further if the transfer has not been restricted.

Holdings in a Bank Account: are amounts held in a bank account,

- if a commitment for a transaction has not yet been finalized and entered into accounts, the balance in a customer's account may be held up to the amount of transaction; for this purpose a WRA (Willing, Ready and Able) document may be executed to ascertain commitment.
- an escrow account where credit balance is available for a defined purpose only.
- when the bank is a temporary custodian of amount due for a transaction or commitment.

Horizontal Yield Curve: a straight line yield curve in a diagram showing return on investment on the vertical axis and the maturity of investments on the horizontal axis if the rate of return does not vary with the tenure or maturity of investment.

Hostile Take-Over: is to acquire controlling interest in the ownership of a company, without specific consent and against the wishes of existing controlling share holders; this is normally done by purchasing required proportion of shares of the company in the open market.

Hot money: are funds sensitive to interest rates; that is, changes in interest rate alter the composition of funds, particularly of those funds being held for speculative purposes; movements of these funds could be volatile because a slight change in interest rate may make them move in and out of various placements; it is also referred to as illegal money.

Housing Finance Institutions: are finance companies and institutions whose primary business is to lend money for the purpose of constructing residential houses and apartments, including purchase of land; finance companies or banks sometimes also perform this function as a part of their usual business.

Housing Investment: is investment in construction or purchase of residential houses or apartments for income or capital appreciation; normally a long term investment secured by the collateral value of the property and profitable in times of high inflation.

Human Resource Management: is personnel management function covering staff of all categories in an organization involving assessment of manpower needs of the organization, determination of salary and wage structure, benefits and perquisites; job allocation and proper placements; appreciation, encouragement and motivation performance evaluation and promotions; transfers and postings; career development and training; managing the staff problems, dealing with staff unions and associations, conflicts, retirement and dispensation of services.

hundi: an instrument of informal indigenous banking in Indo- Pak Sub-continent; an indigenous form of a bill of exchange or IOU used mainly in remittances or transfers of funds from one place to another on the strength of a slip of paper that does not meet the legal requirements of a bill of exchange; sometimes *hundi* is also used for cross border foreign exchange transaction, outside the banking system and in contravention of the exchange control regulations of the countries.

Hybrid Capital Instruments: are derivatives of capital or debt instruments; for example, on the strength of a security or a bond in possession of a party, the party may issue another instrument, a certificate or a coupon, thus creating a new debt instrument bearing a different and better yield within the maturity of the original instrument; an interest bearing warrant issued by a company for a definite period of time, after which an option for issuance of shares is given and if the option is not exercised then it is redeemed at full value.

Hypothecation: is a commonly used legal mode of assigning collateral whereby goods, property, or other tangible assets are tendered as security for a debt without transferring ownership or possession of these assets to the lender; other assets such as bank deposits, securities, notes, bankers' acceptances, bills of lading, warehouse receipts can also be hypothecated; since the lender does not have control, possession or ownership of assets tendered, instead only the rights are conferred through legal documents, a borrower having possession of assets whether actual or constructive should be able to pass that possession to the lender; in some instances this may not be possible or practical, therefore, the need for hypothecation may arise; for example, goods may be in borrower's own warehouse or factory which cannot be sealed off to satisfy bankers requirements of a legally binding pledge. In hypothecation, security for debt is granted through letter of hypothecation which usually provides for a bankers' charge on the hypothecated goods; the banker as lender reserves the right to inspect hypothecated goods and ask for periodic stock reports, insurance cover, ask the borrower to maintain goods in sufficient quantity to cover the value under the contract and registration of charge with concerned authority to prevent misuse of hypothecated goods. The risk of lending against hypothecation of goods is twofold; first, the lender does not have actual or constructive possession of the goods thereby the measure of control over collateral is often limited, and a fraudulent borrower has ample opportunity of misappropriation; the second type of risk arises from the complexity of bills of sales act concerning rights of unpaid suppliers, given that hypothecation creates a right for a creditor to have the goods in pledge sold if default occurs to satisfy the claim through sale proceeds; but if the supplier is not paid it affects the creditor. As an instrument, hypothecation is a certificate attached to a bill of exchange drawn against shipment of goods which describes the nature of the shipment and authorizes the banker buying the bills to take legal remedy in case payment or acceptance of the bill is refused; the hypothecation certificate is given by seller of the bill of exchange together with the bill of lading, insurance certificate, and other documents as further security to the bank. Sometimes, the term hypothecation is used improperly, for example, in case of secured mortgage the banker accepts title documents of movable or immovable assets and the borrower usually provides a memorandum setting out the terms of the transaction which is often referred to as a letter of hypothecation; but this transaction is not hypothecation in the strict legal sense.