

1. What is a Bank?

A bank is a financial institution that accepts deposits from the public and creates a demand deposit while simultaneously making loans.

2. What are the services offered by the Banks?

- Checking Accounts
- Savings Accounts
- Money Market Accounts
- Certificates of Deposit
- Mortgages
- Home Equity Loans
- Auto Loans
- Personal Loans
- Credit Cards
- Debit Cards
- ATM Cards
- Money Orders
- Wire Transfers
- Foreign Currency Exchange
- Safe Deposit Boxes

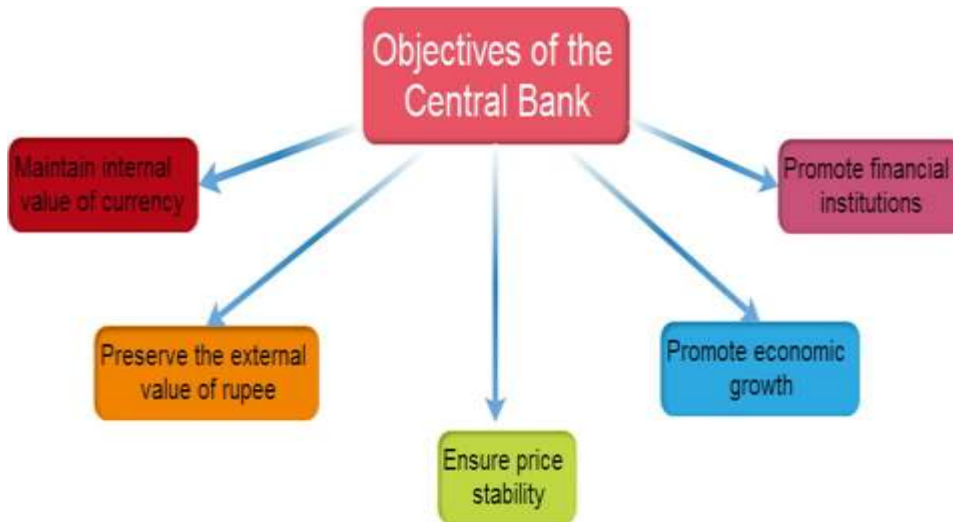
3. What are the Assets in a bank?

Cash, securities, loans, as well as real estate and other operating costs, are assets that provide income for the bank.

4. What are the Liabilities of a bank?

Deposits with the banks are liabilities for the banks. Liabilities include loans, accounts payable, mortgages, deferred revenues, bonds, warranties and accrued expenses.

5. What are the objectives of the Central Bank of India (RBI)?



6. What are the functions of the Central Bank of India (RBI)?



7. How many fully owned subsidiaries are there in the Reserve Bank of India (RBI)?

There are Five wholly owned subsidiaries of RBI.

- Deposit Insurance and Credit Guarantee Corporation (DICGC)
- Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL)
- Reserve Bank Information Technology Pvt Ltd (ReBIT)
- Indian Financial Technology & Allied Services (IFTAS)
- Reserve Bank Innovation Hub (RBIH)

8. What is the Repo rate?

It refers to the interest rate at which a country's central bank lends money to its commercial banks.

Repurchase options or repurchase agreements are similar terms in banking.

9. What is the Reverse Repo rate?

The reverse repo rate is the rate at which a country's central bank (Reserve Bank of India) borrows money from domestic commercial banks. It is a tool for monetary policy that can be used to manage the nation's money supply.

10. What are CRR and SLR?

The CRR is a reserve that banks maintain with the RBI. It is a portion of bank deposits that are kept in cash. SLR is a required reserve that commercial banks are required to keep on hand. It represents a portion of the net demand and time liabilities held as authorised securities by commercial banks.

11. What are the documents required for opening a bank account in India?

- A filled-up application form.
- Identity and address proof such as a valid passport, voter ID card, PAN card, permanent driving license, Aadhar card, NREGA job card, or ID card issued by central or state governments, PSUs, and scheduled commercial banks.
- Employment Proof.
- Latest passport-size photographs.

12. Who is eligible for Savings Account?

- Resident Individuals (sole or joint account)
- Hindu Undivided Families.
- Foreign Nationals Residing in India
- Minors above the age of 10 years are eligible to open a self-operated minor account and an ATM/Debit card can be issued to the Minor.

13. What is a nomination facility?

Nomination is the service that enables the account holder or any other financial instrument investor to name someone to claim the deposit or the investment after the original owner of the asset or account passes away.

14. Who is the nominee?

The nominee in the bank account means, the person who has been nominated by another to act as the custodian of the accounts in the event of death.

15. What is the role of the Banking Ombudsman?

The Government of India established the post of Banking Ombudsman as a designation and a place where customers who are unhappy with the services they received can file complaints.

16. What is KYC and what are the officially valid documents?

Know Your Customer (KYC) standards are used in the financial services and investment sectors to identify clients and validate the customer's identity and address information.

The officially valid documents (OVD) for KYC is

- a) Passport
- b) Driving license
- c) Permanent Account Number (PAN) Card
- d) Voter's Identity Card issued by the Election Commission of India
- e) Job card issued by NREGA duly signed by an officer of the State Government.

17. What are the types of banking?

- Branch Banking
- Unit Banking
- Mixed Banking
- Chain Banking
- Retail Banking
- Wholesale Banking
- Relationship Banking
- Correspondent Banking
- Universal Banking
- Social Banking
- Virtual Banking
- Narrow Banking
- Islamic Banking
- Shadow Banking

18. What is ATM and its types?

ATM is the facility of accessing the account for dispensing cash and carrying out financial and non-financial transactions without the need to actually visit their bank branches.

Types:

- Onsite/Offsite ATM
- White label ATM
- Brown label ATM
- Green Label ATM
- Orange Label ATM
- Yellow Label ATM
- Pink Label ATM
- Biometric ATM

19. What is Priority Sector lending and what does it include?

Priority Sectors Lending is the role exercised by the RBI to banks, imploring them to dedicate funds for specific sectors of the economy like agriculture and allied activities, education and housing and food for the poorer population.

20. What are the types of Negotiable Instruments?

1. Promissory Notes
2. Bill of Exchange
3. Cheques

21. What are the types of cheques?

Order cheque- A cheque payable to a particular person or his order.

Bearer cheque- A cheque payable to a person who so ever bears.

Blank cheque- Except signature, all other columns are blank.

Stale cheque- Which is more than three months old.

Mutilated cheque- The cheque is torn into two or more pieces.

Post-dated cheque- A cheque which bears a date later than the date of issue

Open cheque- Cheque which has not been crossed.

Crossed cheque- A cheque which carries two parallel transverse lines across the face

22. What is the difference between a cheque and a demand draft?

CHEQUE	DEMAND DRAFT
The drawer is the individual account holder	The drawer is normally a scheduled bank
No certainty of payment	Payment is certain
The drawer can stop it by issuing order	No one can stop it
Defined in NI Act, 1881	Not defined in NI Act, 1881

23. What is CTS?

Instead of having the presenting bank process the physical cheque as it travels to the branch of the paying bank, the Cheque Truncation System (CTS) is a method for clearing cheques electronically. It is a step undertaken by the Reserve Bank of India (RBI) for quicker cheque clearance.

24. What is NPA and what is the reason for NPA?

A non-performing asset (NPA) is a loan or advance for which the principal or interest payment remained overdue for a period of 90 days.

Reasons contributing to NPA:

- Inadequate loan management practices
- Inaccurate credit assessments
- Business failures
- Poor receivables recovery
- A slow-moving legal system
- An industrial recession

- Unfavourable currency rates

25. What is PCA and recently which bank has been removed from this framework?

The RBI uses the prompt corrective action (PCA) framework to keep an eye on financially weak and mismanaged banks. Central Bank of India was removed recently from the PCA framework.

26. What are neo banks and give an example of neo banks operating in India?

When compared to challenger and traditional banks, India's neobanks, which only operate online and have no physical branches, provide a wide range of in-demand services. Example of neo bank in India is Freo, Fi Money, Jupiter.

27. What are the Types of Risks in Banking?

Financial Risk

Market Risk

Credit Risk

Interest Rate Risk

Liquidity Risk

Operational Risk

Capital Risk

Foreign Exchange Risk

Systemic Risk

Reputational risk

28. What is Financial Inclusion?

Financial inclusion refers to the availability to both individuals and businesses of useful and cost-effective financial goods and services, including payments, transactions, savings, credit, and insurance, that are provided in a sustainable and ethical manner.

29. What are the types of MUDRA loans and which organisation's wholly owned subsidiary is MUDRA?

MUDRA has been initially formed as a wholly owned subsidiary of the Small Industries Development bank of India (SIDBI) with 100% capital being contributed by it.

The types of MUDRA loans are:

There are three types of Mudra loans depending on the loan amount:

Shishu: Loans sanctioned under the PMMY scheme up to Rs. 50,000.

Kishore: Loans sanctioned under the PMMY scheme from Rs. 50,001 up to Rs. 5 Lakhs.

Tarun: Loans sanctioned under the PMMY scheme Rs. 5,00,001 up to Rs. 10 Lakhs.

30. What are Money Market Instruments and their examples?

Using a money market instrument, banks, companies, and the government can meet significant short-term capital needs at a reasonable cost.

Examples of Money Market Instruments

- Banker's Acceptance
- Treasury Bills
- Repurchase Agreements
- Certificate of Deposits
- Commercial Papers

31. What is CASA Ratio?

The CASA ratio indicates how much of a bank's total deposits are in both current and savings accounts.

32. What is an Inactive or Dormant Account?

If a customer has a current or a savings bank account and has not done any transactions through it for more than 12 months, then it will be classified as an inactive account. And if you don't do any transactions from a bank account for 24 months, then it will be classified as a dormant Account.

33. What is a Demat Account?

DEMAT stands for Dematerialised Accounts. These accounts are used to transact shares in electronic format.

34. What is FDI?

An investment made by a firm or an individual in one country into commercial interests situated in another country is known as a foreign direct investment (FDI).

35. What is FPI?

Securities and other assets passively held by foreign investors are known as foreign portfolio investment (FPI), which enables people to invest overseas.

36. What is Collateral?

An asset or piece of property offered by a borrower to a lender as collateral for a loan is known as collateral.

37. What is Reverse Mortgage Loan?

A Senior Citizen, or someone over the age of 60, can use a Reverse Mortgage Loan (RML) to receive regular payments from a lender against the mortgage on their home while continuing to live there and be the owner.

38. What is Overdraft?

An overdraft happens when a bank authorises a transaction even if there isn't enough money in the account to cover it.

39. What are plastic cards?

Various forms of plastic cards include debit cards, credit cards, Money access cards, client cards, key cards, and Cash cards.

40. What is National Financial Switch (NFS)?

It is the largest interconnected network of Automated Teller Machines in India.

41. What are the differences between a credit and debit card?

- Credit cards are debt instruments but debit cards are not.
- Debit card users can only spend money in their bank account unless they have overdraft protection.
- A credit card is linked to a line of credit offered by the company that issues the card.
- Credit cards help build credit history while debit cards don't.

42. What is the MICR code?

A MICR code is a number that is printed on cheques (Magnetic Ink Character Recognition technology). This makes it possible to identify the cheques, which leads to quicker processing.

43. What is the difference between Insolvency and Bankruptcy?

A person who is unable to make timely debt payments is insolvent. When a person declares they are unable to repay their debts to creditors, bankruptcy is a legal procedure that takes place.

44. What is Mutual Fund?

A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities.

45. What is NPCI and what are its products?

The National Payments Corporation of India (NPCI) serves as an umbrella body for the operation of retail payments in India.

Products of NPCI:

- National Financial Switch (NFS)
- Immediate Payment Service (IMPS)
- Unified Payment Interface (UPI)
- National Automated Clearing House (NACH)

46. What is Endorsement?

Endorsement is the process of legally transferring ownership of a negotiable instrument to a third party by signing it, typically on the back.

47. What are Inflation and Deflation?

Price increases for products and services are referred to as inflation, whereas price decreases are referred to as deflation.

48. What is Privatisation?

The process of moving a business or industry from the public to the private sector is known as privatisation.

49. What is Core Banking Solution (CBS)?

The centralised systems used by banks, known as core banking solutions (CBS), are in charge of guaranteeing smooth workflow by automating both front- and back-end operations.

50. What is Initial Public Offering (IPO)?

An initial public offering (IPO) is the procedure of releasing new shares of stock to the public for the first time in a private corporation.

51. What is Open Market Operations (OMO)?

The Federal Reserve's (Fed) purchases and sales of securities on the open market are referred to as "open market operations" (OMO).

52. What is the purpose of the Money Market?

1. Maintains high Liquidity in Market
2. Provides Funds for short term
3. No fixed geographical Location

4. Utilisation of Surplus Funds

5. Helps in Monetary Policy

53. What is a Bad bank or NARCL?

A bad bank is an Asset Reconstruction Company or an asset management company set up to buy Non-Performing Assets (NPAs), or Bad Loans, from banks.

54. What is the role of ARC?

An Asset Reconstruction Company is a specialized financial institution that buys NPAs or bad assets from banks and financial institutions.

55. What is a Bitcoin?

Bitcoin is a form of digital currency that aims to eliminate the need for central authorities such as banks or governments.

56. What is the difference between Bitcoin and Cryptocurrency?

S. No	Bitcoin	Cryptocurrency
1.	Bitcoin is a digital currency that utilizes cryptocurrency.	Digital money known as cryptocurrency is independent of both Bitcoin and any other central authority. It is a self-sufficient currency.
2.	It speeds up transactions and makes them simpler without a lot of constraints from the government	It offers low-cost and secure transactions for exchanging goods and services.
3.	Although less flexible, Bitcoin primarily focuses on lowering influencer costs and transaction speeds.	Its purpose is to enable the secure exchange of goods and services with little to no interference from a centralised authority.

57. What is Blockchain technology?

A blockchain is simply a network of computer systems that duplicates and distributes a digital ledger of transactions across the entire network.

58. What is Currency Chest?

Currency chests are branches of specific banks that have been given permission by the RBI to stock rupee notes and coins.

59. What is called Call Money?

The call money rate is the rate at which short-term funds are borrowed and lent in the money market for overnight.

60. Define Term Money.

When the money is borrowed or lent for exceeding 14 days to 365 days, then it is called Term Money.

61. What are Special Mention Accounts (SMA)?

Special Mention Accounts are those that show signs of poor asset quality within the first 90 days of their existence or prior to being labelled as an NPA.

62. What is Legal Entity Identifier (LEI)?

It is a 20-character alpha-numeric identifier used to identify parties to financial transactions in all countries.

63. What is an Escrow account?

An escrow account is a third-party account where money is held before it is transferred to the ultimate party

64. What is Gilt Account?

A "GILT Account" is a holding account for "Government Securities" opened and managed by a person or entity with a company permitted by the Reserve Bank of India.

65. What is the maximum compensation amount provided by Banking Ombudsmen for Banks if the redressal is not resolved?

Rs. 20 lakhs is the maximum compensation amount.

66. How many public sector banks are operating in India at present?

12 public sector banks are operating in India

67. What is the Minimum Support Price (MSP)?

It is the minimum price that the government has established for particular agricultural goods.

68. What is Monetary Policy Committee (MPC)?

The Reserve Bank of India established the Monetary Policy Committee (MPC) to set the benchmark policy interest rate.

69. What is the minimum denomination of the Treasury Bills issued by the Government of India?

T-bills are available for a minimum amount of Rs. 25,000 and in multiples of Rs. 25,000.

70. What is Micro ATM?

Micro ATMs are card swipe machines through which banks can remotely connect to their core banking system.

71. Who are Business Correspondents?

Business Correspondents are retail agents engaged by banks for providing banking services at locations other than a bank branch/ATM.

72. What is NBFC?

Companies that provide financial services and goods but are not formally recognised as banks with full banking licences are known as non-banking financial companies.

73. What is the Role of NABARD?

India's main regulatory body in charge of policy, planning, and operations in the area of lending for agriculture and other economic activity in rural areas is the National Bank for Agricultural and Rural Development (NABARD).

74. Who are Wilful Defaulters?

A wilful defaulter is a person who wouldn't pay back to banks even if he has the ability to do so.

75. What is Liquidity?

The quantity of money that a person or business has on hand and their capacity to quickly turn assets into cash are referred to as their liquidity.

76. What is Revolving Credit?

Revolving credit is a line of credit where the customer pays a commitment fee and is then allowed to use the funds when they are needed. Eg: Credit Card

77. What is EMI?

Equated Monthly Instalment (EMI) is the fixed amount paid by the borrower to the lender on the specified date every month.

78. What is Moratorium Period?

A moratorium period is a time during a loan term when the borrower is not required to make any repayment.

79. What is the Grace period?

It is an extension of time offered to you to pay back debts without incurring additional fees or suffering material loss.

80. What is Amortization?

Amortization is the practice of settling debt through scheduled, pre-determined instalments that cover both the principal and interest.

81. What is Pledge?

Pledge means the bailment of goods as security against the loan.

82. What is Hypothecation?

Hypothecation is the creation of charges on a movable property without delivering them to the lender.

83. Tell me about BBPS.

Bharat Bill Payment System is a platform for bill payments and the service is carried out online and through a network of agents.

84. Tell us some of the codes used for banking transactions?

- IFSC code-Indian Financial System code
- SWIFT Code- Society of Worldwide Interbank Financial Telecommunication
- MMID- Mobile Money Identifier

85. What is a Rupay card?

It is a financial payment service launched by the National Payments Corporation of India in 2012. RuPay Cards will address the needs of Indian consumers, merchants and banks.

86. What is BHIM?

Bharat Interface for Money (BHIM) is launched by the National Payments Corporation of India (NPCI) in 2016. It allows customers to transfer or receive money easily through the Unified Payment Interface (UPI).

87. What is UPI?

UPI (Unified Payments Interface) application is a payment system that allows you to transfer money between any two parties.

88. Is there any limit for the NEFT transactions?

No, there is no limit set by RBI for funds transfer through NEFT.

89. What is the Minimum limit for RTGS transactions?

The minimum amount for RTGS transactions is Rs 2 lakhs.

90. What is the role of Rating Agencies?

Rating agencies assess the credit risk of specific debt securities and borrowing entities.

91. What is a Bulk Deposit?

Deposits of Rs. 2 crores and above constitute bulk deposits.

92. What are the types of Accounts in a Bank?

There are four types of bank deposits in India, which are Current Accounts, Recurring Deposits, Savings Accounts and Fixed Deposit Accounts.

93. What is the purpose of the establishment of RBIH?

The Reserve Bank of India (RBI) set up the Reserve Bank Innovation Hub (RBIH) to promote innovation across the financial sector by imposing technology into it.

94. How will the change in the Repo rate impact the economy?

When the repo rate increases, financial institutions' borrowing costs also increase, which is passed on to account holders in the form of higher interest rates on loans and deposits.

95. What do you mean by Moral Suasion?

The central bank uses moral suasion as a strategy to persuade and counsel the commercial banks to follow the rules and behave in the desired ways through everyday interaction.

96. What is Vostro Account?

It is the account held by a foreign bank with a domestic bank in domestic currency.

97. What are the differences between Payments Banks and Small Finance Banks?

Small Finance Bank	Payment Bank
Capital requirement is Rs.200crore	Paid-up equity capital requirement of Rs.100crore

Payment Banks (PBs) received deposits and remittances but cannot lend.	Small Finance Banks (SFBs) will lend to unserved and underserved sections including small business units, micro, and small industries, and small and marginal farmers.
Cannot give loans and cannot issue credit cards but can issue ATM/Debit Card.	No restriction of area of operation.

98. Tell us about some of the differences between a bank and an NBFC?

NBFC	Bank
Incorporated under the Companies Act 1956	Incorporated under the Banking Regulation Act 1949
Transaction Services are Not provided	Transaction Services are Provided
Demand deposits are Not Accepted	Demand deposits are Accepted
Cannot Issue Cheque	Can Issue Cheque
Deposit Insurance Facility is not Available	Deposit Insurance Facility is Available

99. What is the role of NaBFID in banking?

The National Bank for Financing Infrastructure and Development (NBFID) is set up as the principal development financial institution (DFIs) for infrastructure financing.

100. What are Tangible Assets?

A tangible asset is an asset that has a finite monetary value and is usually a physical form. Eg: cash, vehicles, equipment, buildings and investments.

101. What do you mean by Direct Benefit Transfer?

DBT refers to the practice of transferring funds directly into beneficiaries' accounts, including transfers of subsidies and other payments rather than providing it to government offices.

102. Tell me some of the small savings schemes in India.

- Public Provident Fund
- Sukanya Samriddhi Yojana
- Senior Citizen Savings Scheme
- National Savings Certificate
- Kisan Vikas Patra

103. Who is the Drawer and Drawee of the Cheque?

The maker of a cheque is the 'Drawer', the person thereby directed to pay is the 'Drawee'.

104. What is an Open Cheque?

An Open Cheque is a cheque that has not been crossed with two parallel lines on the top left corner.

105. What is an Ante-dated Cheque?

When you write a date on a cheque that is older than the date on which it is delivered to the bank, a cheque is considered an Ante-dated cheque.

106. What do you mean by Stale Cheque?

A stale cheque is an outdated cheque issued to the bank after the date of payment (after three months) has expired.

107. What is Mobile ATM?

The idea of a mobile ATM is an ATM on wheels. These ATMs are located in places where there is a lot of foot traffic or vehicular traffic.

108. What is a Bond?

Bonds are issued by governments and corporations when they want to raise money.

109. What is Debenture?

A debenture is a contract between the investor and also the company, where a charge over the company's assets is granted to the lenders by providing them.

110. What do you mean by Fiat Money?

Fiat currency, often known as fiat money, is a form of money that is issued by the government but is not backed by assets like gold.

111. What do you mean by Loan?

A loan is a form of debt incurred by an individual or other entity. The lender advances the borrower a certain amount of money, typically on behalf of a business, financial institution, or government.

112. What are Soft Loans and Hard loans?

A soft loan is a type of loan which bears no interest or with a lower rate of interest.

A hard loan is a special kind of loan where the money is secured by real estate rather than the borrower's creditworthiness.

113. What do you know about Pradhan Mantri Jan Dhan Yojana (PMJDY)?

It is a scheme to empower citizens financially was highly needed so that everyone might profit from growth and progress.

114. What are the features of PMJDY?

- Zero Balance accounts can be opened by Individuals.
- The overdraft facility of Rs.10,000 is available is available
- The amount Deposited earns Interest Rate
- Accidental Insurance cover is Rs.2 lakh.

115. What do you know about Pradhan Mantri Suraksha Bima Yojana (PMSBY)?

It is a government-backed accident insurance scheme in India with a premium of Rs. 20 per annum.

116. What is Kisan Credit Card?

The Kisan Credit Card is introduced to provide financial support for farmers to meet their production credit needs.

117. What is the Liberalised Remittance Scheme (LRS)?

The Liberalized Remittance Scheme offers an extensive and structured system for those who want to send money abroad.

118. What is an Arbitrage?

Arbitrage is the process of simultaneous buying and selling of an asset from different platforms, exchanges or locations to cash in on the price difference.

119. What is Anti-money Laundering?

Anti-money laundering (AML) laws and regulations are designed to prevent criminals from passing off funds they have gained unlawfully as legitimate revenue.

120. What do the Bear and Bull indicate in Stock Market?

A bear market happens when stocks fall steadily over time, whereas a bull market happens when stocks are rising.

121. What is a Letter of Credit (LoC)?

A letter of credit, also known as a credit letter, is an assurance from a bank that a buyer will make the right payment to a seller on time and in full.

122. What is a Letter of Intent (LOI)?

A letter of intent (LOI) is a document outlining the general plans of an agreement between two or more parties before a legal agreement is finalized.

123. Tell us about the merger of banks.

Anchor Bank	Amalgamating bank's	Public sector banks by size
PNB (Punjab National Bank)	Oriental bank of commerce + United bank of India	2 nd largest
Canara bank	Syndicate bank	4 th largest
Union bank of India	Andhra bank + Corporation Bank	5 th largest
Indian bank	Allahabad bank	7 th largest

124. What is Corporate Social Responsibility (CSR)?

CSR enhance the company's performance, give a competitive advantage, and

cultivate consumer and employee trust.

125. What do you mean by Net Interest Margin?

The difference between the income a bank receives on loans and the interest it pays on deposits is known as the net interest margin (NIM).

126. What is known as Yield?

It is a measure of a company's annual dividend or interest payments to investors in relation to the price of its securities.

127. What is said to be a paid-up capital?

Paid-up capital is the amount of money a company has received from shareholders in exchange for shares of stock

128. What is known as Authorised capital?

Authorized capital is the maximum amount of capital which a company is allowed to raise through its shares from the stock market.

129. What is Base Rate?

The base rate is the minimum interest rate that the Reserve Bank of India has set above and banks are not permitted to extend credit to their customers.

130. What is the Prime Lending rate?

The prime rate, or prime lending rate, is the interest rate commercial banks charge on loans to preferred borrowers.

131. What is the Minimum Reserve System?

Minimum Reserve System refers to the reserves kept by the Central Bank (RBI) against its currency liability.

132. What is known as Fiscal Policy?

Fiscal policy is the process through which a government modifies its tax and expenditure rates in order to track and impact the economy of a country.

133. What is known to be a Fiscal Deficit?

A fiscal deficit is referred to as the difference between the total revenue earned and total expenditures incurred by a country in a fiscal year.

134. What is known as Revenue Deficit?

A revenue deficit arises when revenue expenditures exceed revenue receipts.

135. What is Gross Domestic Product?

The total monetary or market worth of all the finished goods and services produced within a country's boundaries during a certain time period is known as the gross domestic product (GDP).

136. How does the GDP change impact the economy of a country?

If GDP is rising, the economy is in solid shape, and the nation is moving forward. On the other hand, if the gross domestic product is falling, the economy might be in trouble, and the nation is losing ground.

137. What is the purpose of the Certificate of Deposit?

A Certificate of Deposit (CD) is a money market instrument that is issued in a dematerialized form in exchange for money that has been placed in a bank for a predetermined amount of time.

138. What are the transaction limit and time of RTGS?

The RTGS system is primarily meant for large-value transactions. The minimum amount to be remitted through RTGS is ₹ 2,00,000/- with no upper or maximum ceiling. The system is available on all days on 24x7x365 basis.

139. What is known as Cross-Selling?

Cross-selling is a sales strategy that involves offering an existing customer a second product or service.

140. What is Upselling?

Upselling is a sales strategy used to convince a customer to purchase a newer or more expensive version of the product they were planning on purchasing.

141. What is Disinvestment?

Disinvestment means the sale or liquidation of assets by the government, usually Central and state public sector enterprises, projects, or other fixed assets.

142. What is a Bridge Loan?

A bridge loan is a type of short-term finance that aims to “bridge the gap” between the purchase of a property and its sale.

143. What is a Liquidation?

Liquidation is the process of bringing a business to an end and distributing its assets to claimants, which occurs when a company becomes insolvent.

144. What is meant by Actuary?

An actuary is a person who is employed by insurance companies to calculate how much they should charge their clients for insurance.

145. What is the Balance of Payment (BoP)?

A Balance Of Payment is a statement which records the monetary transactions made between residents of a country and the rest of the world.

146. What is a Balance Sheet?

A balance sheet is a financial statement that contains details of a company's assets or liabilities at a specific point in time.

147. What is a Capital Expenditure?

Capital expenditure is the money spent by the government on the development of machinery, equipment, building, health facilities, education, etc.

148. What is said to be Dividends?

A dividend is a share of profits and retained earnings that a company pays out to its shareholders.

149. What is Diversification?

Diversification is the process of allocating capital in a way that reduces the exposure to any one particular asset or risk.

150. What is Depreciation?

Depreciation is the process by which the economic worth of the capital stock of a company, country, or other organisation gradually declines, whether as a result of physical wear and tear, technological obsolescence, or shifts in the demand for the capital's particular services.

151. What is Equity?

Equity is equal to total assets minus total liabilities

152. What is known as Market Capitalisation?

Market capitalization is the aggregate valuation of the company based on its current share price and the total number of outstanding stocks.

153. What is known as Securitisation?

Securitisation is the process of issuing marketable securities backed by a pool of existing assets such as auto or home loans.

154. What is a Bill Discounting?

Bill discounting is a trade-related activity where a company's unpaid invoices are due to be paid at a future date or sold to a financier.

155. What are Para banking activities?

Para banking activities are undertaken by a bank apart from its day-to-day activities like deposits, withdrawals, etc.

156. What is the role of NACH?

NACH (National Automated Clearing House) is a web-based platform to facilitate interbank, high volume, electronic transactions for Banks, Financial Institutions, Corporates, and the government.

157. Who are said to be Foreign Institutional Investors (FII)?

Foreign Institutional Investors (FIIs) are organisations that collect funds from various sources and invest them in the financial markets of other nations.

158. What is known as Deficit Financing?

Deficit financing is a policy in which government spending is more than it receives as revenue.

159. Who signs the one rupee note?

The one rupee note is the only note bearing the signature of the Finance Secretary and not the Governor of the RBI.

160. What are the factors contributing to NPA?

The factors that are contributing to NPA are poor loan management policy, improper credit appraisal, business failures, poor recovery of receivables, industrial recession, and adverse exchange rates.

161. How does NPA affect Banks?

A high ratio of Non-Performing Assets (NPA) affects the financial stability of the bank. It negatively impacts the ability of the banks to provide credit. It shakes the confidence of lenders, depositors, investors etc.

162. What is meant by Current Account Deficit (CAD)?

A current account deficit occurs when the total value of goods and services a country imports exceeds the total value of goods and services it exports.

163. What is the purpose of the SARFAESI Act?

Without the involvement of the courts, the SARFAESI Act enables Indian banks and financial organisations to sell or auction the assets and property of credit defaulters.

164. What is meant by Stocks?

A stock is a type of investment that represents an ownership share in a company.

165. Who is the regulator of the Stock market in India?

The Securities and Exchange Board of India (SEBI) is the primary regulatory body in India that governs the stock market.

166. What is Blue Loan?

Blue loans are innovative instruments that provide money only to initiatives that support the ocean and safeguard vital clean water resources.

167. What is a Bank Guarantee?

A bank guarantee is a commitment made by a lending institution to step in if a debtor is unable to pay back a loan.

168. What is Freezing an Account?

An account that has been frozen cannot be used for any transactions until further notice. In such accounts, payments will be stopped, and even cheques that were issued before the account was frozen cannot be redeemed by anyone.

169. What is known as Multiple Banking?

In multiple banking arrangements, the borrower obtains the loan amount from various banks.

170. What is known as a Banking consortium?

A banking consortium refers to the practice where several banks join together and lend money to a single borrower.

171. What is e-KYC?

e-KYC, often called paperless KYC, is the process of electronically verifying the customer's credentials. e-KYC is possible only for those who have Aadhaar numbers.

172. What is the role of EXIM Bank?

The EXIM Bank provides financial assistance to exporters and importers and acts as the principal financial institution engaged in financing exports and imports.

173. What are said to be Contingency Funds?

To deal with any unexpected situations or emergencies that a firm can encounter at any time, contingency funds are funds that have been set up.

174. What is e-RUPI and how does it work?

It is a digital voucher that a beneficiary gets on his mobile phone as an SMS or QR code. One can go ahead and redeem it at any centre accepting it.

175. What is known as a Currency Swap?

A currency swap is an arrangement between two parties where the principal and interest of a loan are exchanged for the principal and interest of the loan in a different currency.

176. Who are considered Self-Help Groups (SHGs)?

Self-help groups are groups of 15 to 20 people, usually women, who pool or collect their resources, such as money, in order to support one another when they are in need.

177. What is Electronic Clearing System (ECS)?

ECS is used for faster payments and collections. It is used for either making bulk payments of amounts or for bulk collection of amounts.

178. What is the Marginal Cost of a funds-based Lending Rate (MCLR)?

The marginal cost of funds-based lending rate (MCLR) is the minimum interest rate that a bank can lend at.

179. What is said to be E-Lobby?

E-Lobby is the facility provided by the bank to empower all customers to do their banking transactions at their convenience without any time.

180. What is FPO?

Follow on public offer or FPO is a way by which companies already listed on the stock exchange issue shares to the public.

181. When was the Basel Committee on Banking Supervision (BCBS) formed?

The Basel Committee, formerly known as the Committee on Banking Regulations and Supervisory Practices, was formed at the end of 1974.

182. What are Risk-Weighted Assets (RWA)?

The minimum amount of capital that banks and other financial institutions must hold to lower the risk of insolvency is determined using risk-weighted assets.

183. What is Capital Adequacy Ratio (CAR)?

Capital Adequacy Ratio (CAR) is the ratio of a bank's capital to its risk. It is also known as the Capital to Risk (Weighted) Assets Ratio (CRAR).

184. What are the guidelines of Basel Norms III?

- 1) Capital Adequacy
- 2) Leverage Ratio
- 3) Net Stable Funding Ratio
- 4) Liquidity Coverage Ratio

185. What is Crowd Funding?

Crowd Funding is a method of raising finance from a large number of people, each contributing a small amount of money.

186. What is meant by Derivatives?

A derivative is a two-party contract whose price or value is based on an underlying asset.

187. What is known as Financial Literacy?

Financial literacy is the ability to understand and effectively use various financial skills, such as investing, budgeting, and personal financial management.

188. What is said to be Helicopter Money?

Helicopter money refers to increasing a nation's money supply through more spending, tax cuts, or boosting the money supply.

189. What is said to be Loss Assets?

When an asset is "uncollectible" or has such little value that its continuation as a bankable asset is not recommended, it is seen as a loss asset.

190. What are Masala Bonds?

Masala Bonds are the bonds issued for rupee-denominated borrowings by Indian entities in overseas markets.

191. What is known as Market Value?

Market Value is the value at which the demand of consumers and the supply of the manufacturers decide the price of a commodity or service.

192. What is said to be Non-convertible Debentures?

The debentures which cannot be converted into shares or equities are called non- convertible debentures (or NCDs).

193. Define Peer-to-peer Lending.

Peer-To-Peer Lending, is practice of lending money to individuals or businesses through online services that match lenders directly with borrowers.

194. What is Strategic Risk?

The risk which arises due to adverse business decision, improper implementation of decisions are called Strategic Risk.

195. What are Special Drawing Rights (SDRs)?

Special Drawing Rights is the supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund.

196. What is the Point of Sale terminal?

A point of sale terminal (PoS terminal) is an electronic device used to process card payments at retail locations.

197. Tell us some features of PoS terminals.

1. Billing and Order Processing
2. Reads the information on a customer's credit or debit card
3. Processing card payments at retail locations
4. Quick Payments
5. Tracking sales

198. What is Artificial Intelligence?

Artificial intelligence (AI) is the simulation of human intelligence in robots that have been trained to think and act like humans.

199. What is the purpose of the USSD code in banking?

Unstructured Supplementary Service Data (USSD) is used for fund transfers, checking account balances, and generating bank statements, among other uses.

200. What is the purpose of the BSR code in banking?

BSR Codes are used mainly when filing Tax Deduction at Source (TDS) and Tax Collected at Source (TCS) returns.

201. What is meant by Tax Deduction at Source (TDS)?

TDS is the amount of tax that is withheld from the employee by the employer or other deductor and deposited to the income tax department on the employee's behalf.

202. What is the name of the NPCI product for the National Electronic Toll Collection (NETC)?

National Electronic Toll Collection is a programme that uses the FASTag device, which uses RFID technology to make toll payments directly from the prepaid account associated to it.

203. What are the services offered by the Basic Savings Bank Deposit Account?

Services offered at BSBD: Deposit, cash withdrawal, credit of money through electronic payment channels, deposit/collection of cheques.

204. How many All India Financial Institutions are there at present regulated by the Reserve Bank of India (RBI)?

There are five development finance institutions regulated by the Reserve Bank of India.

205. Name the All India Financial Institutions in India at present.

1. Export - Import Bank of India (Exim Bank)
2. National Bank for Agriculture and Rural Development (NABARD)
3. Small Industries Development Bank of India (SIDBI)
4. National Housing Bank (NHB)
5. National Bank for Financing Infrastructure and Development (NaBFID)

206. What is Corporate Debt Restructuring (CDR)?

Reorganizing a company's existing debts in order to recover its liquidity and keep it operating is known as corporate debt restructuring.

207. What is known as Hedge Funds?

Hedge funds pool money from investors and invest in securities or other types of investments in an effort to generate profits.

208. What is a Recession?

A recession is a significant slowing or contraction of the economy.

209. What are External Commercial Borrowings (ECBs)?

Loans given to Indian borrowers in India by non-resident lenders in foreign currencies are known as external commercial borrowings (ECBs).

210. What is Tokenisation?

Tokenization is the process of replacing sensitive data, such as a credit card number, with a token, a substitute value.

211. What is a Payment Aggregator?

A payment aggregator provides payment services to merchants and e-commerce sites by accepting payment instruments from customers. Eg: Googlepay.

212. What is Banker's Acceptance?

The banker's acceptance is a type of payment in which the bank, rather than the account holder, guarantees the payment. The bank promises to compensate you at a later date.

213. What is Barren Money?

Barren money is used to denote money which bears no interest. For example, money kept in the safe deposit box of a bank is barren money.

214. What are Zero-coupon bonds?

Zero coupon bonds are bonds that do not pay interest during the life of the bonds.

215. What is a Floating rate bond?

A Floating rate bond is a type of financial instrument whose interest rate is not fixed but instead changes depending on the benchmark against which it is drawn.

216. What are Perpetual Bonds?

Perpetual bonds are fixed-income securities that do not have a maturity date in place.

217. What is a Bearer Bond?

A bearer bond is defined as fixed-income security that is owned by the holder instead of a registered owner. It is issued by a business entity such as a corporation or a government.

218. What is known as Ways and Means Advances?

The Reserve Bank of India uses ways and means advances as part of its credit strategy to help States banking with it get through short-term cash flow imbalances in their receipts and payments.

219. What is known to be a Secured Loan?

A secured loan is a type of loan in which a borrower pledges an asset such as a car, property, or equity against that loan.

220. What is Known as an Unsecured Loan?

An Unsecured Loan is a loan that does not require you to provide any collateral to avail them. Eg: credit cards, personal loans and student loans.

221. What is known as the Differential Rate of Interest (DRI)?

The differential Rate of Interest (DRI) scheme also known as DIR was launched to provide credit access to low-income groups.

222. What is known as Bridge Financing?

Bridge Financing is a loan where the time and cash flow between a short-term loan and a long-term loan are filled up.

223. What is known as a Bailout?

A government or organisation receiving financial support while it faces a possible bankruptcy danger is referred to as receiving a "bailout."

224. What are Green Bonds?

Green bonds raise funds for new and existing projects which deliver environmental benefits, and a more sustainable economy.

225. What is known as the Lock-in period?

A guarantee is given by the lender that there will be no change in the quoted mortgage rates for a specified period of time, which is called Lock-in Period.

226. Who are categorised as Low-risk customers?

Low-risk customers are defined as people and businesses (apart from those with a high net worth) whose entities and funding sources can be easily tracked and whose account transactions mainly match the known profile.

227. Which is the Oldest Credit Rating Agency in India?

India's Credit Rating Information Services Limited (CRISIL) is one of India's oldest credit rating organisations.

228. Tell us about some of the criteria for setting up a small finance bank?

Criteria for setting up small finance Banks:

- The minimum paid-up capital for small finance Banks shall be Rs.200 Crores.
- Resident Individuals / Professionals singles or jointly having at least 10 years of experience in banking & Finance at senior level, and companies, Societies in the Private Sector, that are owned and controlled by Residents.
- Primary urban cooperative Banks which are desirous of voluntarily converting into small finance banks.

229. What are the roles of NPCI?

1. Owns and operates a Unified Payment Interface (UPI)
2. Provides safe and secure payment through UPI
3. NPCI approves the participation of Issuer Banks, PSP Banks, Third Party Application Providers (TPAP) and Prepaid Payment Instrument issuers (PPIs) in UPI.

4. NPCI includes transaction processing and settlement, dispute management and clearing cutoffs for settlement.

230. What is the Balance of Trade?

The balance of trade is the value difference over time between a nation's imports and exports of goods and services, typically expressed in the currency of the nation or economic union in question.

231. What is meant by Working Capital?

The difference between a company's current assets, including cash, accounts receivable (unpaid invoices from customers), and stocks of raw materials and completed goods, and its current obligations, like accounts payable, is known as working capital.

232. What is known as Capital Gain?

A capital gain is the increase in a capital assets value and is realized when the asset is sold.

233. What is known as Hedging?

Hedging is a risk management approach that involves acquiring an opposing position in a comparable asset to balance investment losses.

234. What is the purpose of Routing Number?

A routing Number is a number that can identify your bank based on the geographical location of the institution.

235. What is known as Channel Financing?

Channel financing is a unique financial technique in which the bank satisfies the numerous fund requirements throughout your supply chain at the supplier's end, allowing you to maintain a smooth business flow through the enterprises' arteries.

236. What is known as Smart Money?

The capital that is under the management of institutional investors, market experts, central banks, funds, and other financial experts is known as smart money.

237. What is meant by Appraisal?

An appraisal is a professional estimate of the value of a piece of property, such as real estate, a business, a collectible, or an antique.

238. Define Rationing.

Rationing is the limiting of goods or services that are in high demand and short supply.

239. What are Sovereign Gold Bonds (SGBs)?

SGBs are government securities denominated in grams of gold. They are substitutes for holding physical gold.

240. What is Margin Requirement for Loan?

The margin requirement refers to the difference between the current value of the security offered for a loan (called collateral) and the value of the loan granted.

241. What are Niche Banks?

Niche banks are smaller, more specialized banking institutions that focus on a specific area or market.
Example: Small Finance Banks

242. What is known as Exchange Rate?

An exchange rate is basically a rate, with the help of which one country's currency can be exchanged with the currency of another country.

243. What is known as Forward Rate Agreement?

A Forward Rate Agreement is a Financial contract between two parties to exchange interest payments for a notional principal amount on settlement date, for a specified period from start date to maturity date.

244. What are Cash Management Bills?

Cash Management Bills means short-term bills issued by the central bank of a country in consultation with the government of the country in order to match a temporary cash balance mismatch and provide emergency funding.

245. What is the purpose of a Bill of Exchange?

A written order that obligates one party to pay another party a specific amount of money on demand or at a specific time is known as a bill of exchange.

250. What is a Mutilated Cheque?

If a cheque is torn into two or more pieces, it is called Mutilated Cheque.

251. What is the difference between a Soiled Note and a Mutilated note?

A note which gets dirty over time and is torn is called a soiled note and when the note is split into more than two pieces or is torn is called a mutilated note.

252. What is Special Crossing in a Cheque?

If two parallel lines are drawn across the cheque with the name of the bank, the lines are called special/restrictive crossing.

253. What is known to be the General Crossing of a Cheque?

General Crossing of a cheque bears across its face an addition of 2 parallel crosswise lines.

254. What is a Demand Draft?

Demand Draft is a Bill of Exchange drawn by a bank on another bank or by itself to its other branch to pay to the third party.

255. Give some of the features of Demand Draft.

1. It is issued by one bank to another bank
2. It is only payable to the payee written on the demand draft and it is payable on demand.
3. The Purchaser of the DD need not be a Customer of the bank
4. DD cannot be stopped except by court order. Amount is refunded if DD is not delivered.
5. It is an Unconditional order of payment

256. What do you mean by Speed clearing in cheques?

Speed Clearing refers to the collection of outstation cheques through the local clearing.

257. Why some banks are said to be systemically important banks and give some examples?

A systemically important financial institution is a bank, insurance company, or other financial institution whose failure might trigger a financial crisis. Eg: State Bank of India, HDFC Bank, ICICI Bank.

258. What do you mean by Endorse?

Endorse is described as giving someone or something your approval or authorising the payment of a paper with one's signature.

259. What is known as Electronic Benefit Transfer (EBT)?

Electronic Benefit Transfer is a product offered under Financial Inclusion which facilitates payments to reach the intended beneficiaries of government-sponsored schemes, through bank accounts.

260. What is known as Participatory notes (P-Notes)?

Participatory notes are financial instruments required by investors or hedge funds to invest in Indian securities without having to register with the Securities and Exchange Board of India (SEBI).

261. What is the Leverage Ratio for banks?

The leverage ratio for banks is the ratio of the total capital in the banks and their assets.

262. When will be the Joint Lenders Forum (JLF) created?

A group of lenders known as the Joint Lenders' Forum is created when a loan worth more than Rs 100 crore turns out to be a stressed asset.

263. Why were Debt Recovery Tribunals established?

Debt Recovery Tribunals were created to assist clients in promptly recovering debts owed to banks and other financial institutions.

264. What is known as Return on Assets?

The term return on assets (ROA) refers to a financial ratio that indicates how profitable a company is in relation to its total assets.

265. What is known as the Restructuring of a Loan?

Loan restructuring refers to making changes in the existing loan terms to help the borrower manage the repayment of loan principal and interest due.

266. What will be the impact on the banks if they are under PCA?

- 1.Impacts the Rating of the Banks
- 2.It can Accelerate the loss of Market share
- 3.Hindrance to Economic Growth

267. What are Stressed Assets?

Stressed assets are such assets held by banks and financial institutes that fail to liquidate in order to recover the money offered to the borrower.

268. What is meant by Cash outflow?

Cash outflow is the process of movement of cash outside the business, which is due to the various liabilities that a business has during its course of operations.

269. What do Surplus and Deficit mean?

Surplus is the amount by which your income is greater than your spending while Deficit is the amount by which your spending is greater than your income.

270. What is said to be Underwriting?

Underwriting is the process of examining the financials of a loan or insurance application to determine how much risk they pose to a lender or insurer.

271. What is the maximum amount that can be transferred to Nepal through NEFT?

Rs. 2 lakhs and before it was Rs. 50000.

272. What is known as Standing Instruction?

Any instruction that your bank agrees to carry out on your behalf repeatedly is referred to as a "standing instruction."

273. What is the purpose of BHIM?

Bharat Interface for Money (BHIM) is a payment app that lets you make simple, easy and quick payment transactions using a Unified Payments Interface (UPI). BHIM is available in 20 languages.

274. What is a Deferred Payment Guarantee?

A deferred Payment Guarantee is a guarantee undertaken to make payment of instalments payable by the buyer of capital goods such as machinery, on long-term credit, given by the supplier.

275. What is the role of the MTSS scheme?

Money Transfer Service Scheme is a method of transferring only personal inward remittances from abroad to beneficiaries in India.

276. Who determines the interest rate of the Savings Bank Account?

Individual Commercial Banks determine the interest rate of the Savings Bank Account which usually varies from 3.5% to 6%.

277. What do you mean by Account Reconciliation?

Account reconciliation is the accounting process of comparing two sets of financial records.

278. What is known as Shadow Account?

The account of a foreign bank, as maintained in the books of banks in India is called Mirror Account or Shadow Account.

279. What is Universal Banking?

Universal banking refers to a system in which banks offer a wide range of comprehensive financial services, including retail, commercial, and investment banking.

280. What is the minimum and maximum maturity term period of Fixed Deposits respectively?

The maturity term for a Fixed Deposit account ranges from 7 days to 10 years.

281. What does Chain Banking mean?

Chain Banking is a system under which different banks come under common control through Common – shareholders.

282. What is Virtual Banking?

Virtual banking is the act of gaining online access to banking organisations and their services without having to physically visit a bank.

283. What do you mean by Offshore Bank?

An offshore bank is one that is governed by an international banking license which prevents the bank from conducting business in the jurisdiction where it was established.

284. What is Casino Banking?

The practice whereby a commercial bank engages in unduly speculative or risky financial activities with the aim of achieving high profits is called Casino Banking.

285. What is Kiosk Banking?

Kiosk Banking is the initiative taken by the RBI for those living in villages or other remote areas who are deprived of banking services due to the non-availability of a bank branch in their locality.

286. What is known as Merchant Banking?

Merchant Banking stands for providing various services relating to capital markets and financing the corporate sector.

287. What is meant by Remittance?

A remittance is a money sent to another party, usually in another country.

288. What is the purpose of e-Kuber?

E-Kuber means Core Banking Solution of the Bank maintaining current accounts of the banks, Governments and other institutions / entities.

289. What is meant by Provisioning?

Provisioning is the amount that the banks set aside from their profits or income in a particular quarter for non-performing assets.

290. What is known as Return on Investment (ROI)?

A financial ratio called return on investment (ROI) is used to determine how much an investor will profit relative to the cost of their investment.

291. What is known as Depository Receipt?

A depository receipt (DR) is a negotiable certificate issued by a bank representing shares in a foreign company traded on a local stock exchange.

292. What is known as Dishonouring of a cheque?

A cheque falls under the dishonoured category when a payee cannot successfully deposit the payer's cheque.

293. What might be the reasons for Dishonouring a cheque?

- If the cheque is overwritten
- If the signature is absent or the signature in the cheque does not match the specimen signature kept by the bank.
- If the account number is not mentioned clearly
- If the fund in the bank account is insufficient to meet the payment of the cheque.
- If the date is not mentioned or written incorrectly or the date mentioned is of three months before.

294. What is meant by Microcredit?

Microcredit is an extremely small loan given to those who lack a steady source of income, collateral, or any credit history.

295. What is Loan Grading?

Loan grading is the process of assigning a quality score to a loan application to identify a risk of default.

296. What is Index Fund?

An "index fund" is a type of mutual fund or exchange-traded fund that seeks to track the returns of a market index.

297. What are the effects of Inflation?

- Decrease in the value of the dollar
- Increase interest rate on loans
- Decreasing real returns on savings.
- It causes shortages of goods.
- It reduces output and can lead to layoffs.
- It encourages too much spending.
- It reduces the value of debt

298. What is Market Stabilisation Scheme (MSS)?

Market Stabilisation Scheme (MSS) aim is to withdraw excess money supply from the system by selling securities in the economy.

299. What is Purchasing Power Parity (PPP)?

Purchasing power parities (PPPs) are rates of currency translation that aim to equalise the purchasing power of various currencies by removing the variations in price levels between nations.

300. What are Net Demand and Time Liabilities (NDTL)?

It is the difference between the sum of demand and time liabilities (deposits) of a bank (with the public or the other bank) and the deposits in the form of assets held by the other banks.

301. What is meant by Foreign Exchange Reserves?

Assets held in reserve by a central bank in foreign currencies are known as foreign exchange reserves. These reserves support liabilities and have an impact on monetary policy.

302. What is Public Credit Registry (PCR)?

The Reserve Bank of India established the Public Credit Registry (PCR) for collecting and archiving financial data about Indian borrowers both existing and new borrowers.

303. What is the Digital rupee or CBDC?

The Digital Rupee E-Rupee is a planned digital version of the Indian Rupee, to be issued by the Reserve Bank of India (RBI) as a central bank digital currency (CBDC).

304. How is the digital rupee differ from UPI?

UPI is the movement of money from a bank account to bank account, and digital rupee is a payment of cash

305. What will be the impact of Digital currency in the Indian Economy?

- Digital currency improves the welfare distribution of funds.
- Digital currency can help in evolving modified and improving Banking products and services.
- It can also help in the prevention of fraud by effectively tracking the end use of funds.

306. What is meant by Fund of Funds?

A 'Fund Of Funds' (FOF) is an investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds or other securities.

307. What is known as Acquiring Banks?

A bank or financial institution that handles credit or debit card payments on behalf of a merchant is referred to as an acquiring bank.

308. What is the role of Asset Liability Management?

Utilizing assets and cash flows to reduce the firm's risk of loss from failing to pay liability on time is referred to as asset/liability management.

309. What is Consumer Price Index (CPI)?

The Consumer Price Index, or CPI, tracks changes in the cost of a selection of consumer goods and services bought by households.

310. What is the Wholesale Price Index (WPI)?

The Wholesale Price Index (WPI) measures the cost of items at the wholesale level i.e. goods that are sold in bulk and traded between organizations instead of consumers.

311. What is Net Asset Value?

Net asset value (NAV) is defined as the value of a fund's assets minus the value of its liabilities.

312. What is known as Core Banking?

Core Banking, or a Core Banking System, is a back-end system that processes daily banking transactions across all of the various branches of a given bank.

313. What is Margin Lending?

Margin lending is a type of loan that allows you to borrow money to invest, by using your existing shares, managed funds and/or cash as security.

314. What is known as Market Risk?

Market risk is the risk of losses on financial investments caused by adverse price movements.

315. What is Systemic Risk?

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts.

316. What do you mean by Demonetisation?

Demonetisation is an act of cancelling the legal tender status of a currency unit in circulation.

317. What is said to be Debt?

Debt is the sum that a person borrows from the other.

318. What is known as Buoyancy?

When the government fails to check inflation, it raises income tax and corporate tax. Such a tax is called Buoyancy.

319. What is the use of a Letter of Undertaking?

A letter of undertaking (LOU) is a type of bank guarantee that enables a bank to permit one of its clients to obtain short-term credit from an overseas branch of another Indian bank.

320. What is a Line of Credit?

Lines of credit are often extended by banks, financial institutions and other licensed consumer lenders to creditworthy customers to address liquidity problems.

321. What does Maturity mean in banking?

Maturity is the date on which the life of a transaction or financial instrument ends, after which it must either be renewed or it will cease to exist.

322. Define Cash Adequacy Ratio.

Capital Adequacy Ratio (CAR) is the ratio of a bank's capital in relation to its risk-weighted assets and current liabilities.

323. What are Exchange Traded Funds (ETF)?

An exchange-traded fund (ETF) is a collection of securities that you can purchase or sell on a stock market through a brokerage company.

324. What does Forward Contract mean?

It is a contract between the bank and its customers in which the exchange/conversion of currencies would take place at future date at a rate of exchange in advance under the contract.

325. What is the Loan to Value Ratio?

The loan-to-value (LTV) ratio is a financial term used by lenders to express the ratio of a loan to the value of an asset purchased.

326. What is meant by Prepaid Payment Instrument (PPI)?

Prepaid payment instruments are methods that facilitate the purchase of goods and services against the value stored on such instruments. Eg: smart cards, online accounts, online wallets, stripe cards, paper vouchers

327. What does Return on Equity signify?

Return on equity signifies how good the company is in generating returns on the investment it received from its shareholders.

328. What is Strategic Debt Restructuring (SDR)?

The RBI's Strategic Debt Restructuring Scheme (SDR) allows banks that have provided loans to businesses and other entities to convert a portion of the total outstanding loan amount and interest into a majority stake in the business.

329. When will the VRRR be undertaken?

The variable rate reverse repo (VRRR) is usually undertaken to reduce the money flow by taking out existing cash present in the system.

330. What is the role of Credit Information Companies (CICs)?

- The Credit Information Company, sometimes known as CIC, is an independent third-party organisation that collects and makes available to its members financial data about individuals, including information on loans, credit cards, and other items.
- These people's financial information is gathered by the credit card issuer, which subsequently creates a credit report based on their prior financial activity.
- This credit report is essential because it helps banks and other financial institutions determine whether to approve loan or credit card applications from applicants based on their creditworthiness.

331. What is Supply Chain Finance in banking?

Supply chain finance is a set of technology-enabled business and financial processes that provides flexible payment options for a buyer and one of their suppliers at lower financing costs.

332. What is an Account Aggregator?

The account aggregator, also known as AA, is a non-banking finance company (NBFC) governed by the RBI which makes it easier for customers to give their consent for the collecting of their financial information from financial information providers.

333. What is known as Social Stock Exchange (SSE)?

SSE is meant to serve the private and non-profit sectors and will help them in raising funds through the exchange.

334. What is known as a Budget?

A budget is a spending plan based on income and expenses.

335. What is Gross National Product?

Gross National Product (GNP) is a measure of the value of all goods and services produced by a country's residents and businesses.

336. What is Net National Product?

Net national product (NNP) is the monetary value of finished goods and services produced by a country's citizens, overseas and domestically, in a given period.

337. What is an Electronic Gold Receipt (EGR)?

Electronic Gold Receipts are similar to a Dematerialized form of shares where they are issued in exchange for physical gold (similar to the physical form of equity shares).

338. What is Electronic Bank Guarantee (EBG)?

An electronic bank guarantee (e-BG) is a substitute for paper-based guarantees. It can be processed, stamped, verified and delivered instantly, compared with the time-consuming paper-based process.

339. What do you mean by Equity Shares?

Equity shares represent the extent of ownership in a company.

340. What is Dividend Payout Ratio?

The dividend payout ratio is the ratio of the total amount of dividends in proportion to the net income of the company.

341. What is known as Public Private Partnership?

Public-private partnerships (PPPs) are a mechanism for the government to procure and implement public infrastructure and/or services using the resources and expertise of the private sector.

342. What do you mean by Devaluation?

Devaluation is an official decrease in a currency's exchange value through a decrease in its gold equivalent or value in relation to another currency.

343. What is known as Basis Point?

It is a unit of measure used in finance to describe the percentage change in the value of financial instruments or the rate change in an index or other benchmark.

344. What is known as Microfinance?

Microfinance is a way to provide capital to low-income business owners who may be excluded from traditional credit and lending options.

345. What is Reinvestment?

Reinvestment is the process of using money received from an investment, such as dividends, interest, or any other type of income distribution, to buy more stock or units of the company.

346. What is Loan Refinancing?

Loan refinancing refers to the process of taking out a new loan to pay off one or more outstanding loans.

347. What is Reimbursement?

Reimbursement is when a business pays back an employee, client, or other people for money they spent out of their pocket or for overpaid money.

348. What is Digital Banking Units (DBUs)?

The DBUs will enable people who do not have a personal computer, who do not have a laptop, or do not have even a smartphone, to be able to access banking services. They can do it digitally in a paperless mode.

349. What are the services offered by Digital Banking Units?

These units intend to simplify user banking experience and further financial inclusion, and offer a cross-section of products and services such as the opening of savings accounts, balance-check, printing passbooks, transfer of funds, investment in fixed deposits, loan applications, etc.

350. What is Authentication?

Authentication is the process of verifying a user's identity and their ability to access a requested account.

351. What is Forward Purchase Agreement?

In a forward purchase agreement, the parties agree to buy or sell a specific asset at a predetermined price at a future date or in response to a predetermined future event.

352. What is Non-convertible Debentures?

Non-Convertible Debenture is a financial instrument issued by Corporates for specified tenure to raise resources/funds through public issues or private placement. This debt instrument cannot be converted into equity.

353. What is known as Non-Deliverable Forward?

An agreement between two parties to exchange money at a specified spot rate at a future date is known as a non-deliverable forward.

354. What is Lumpsum Investment?

A lump sum investment is depositing the entire amount at one go.

355. What is the purpose of Bharat Bill pay?

Bharat BillPay is a one-stop destination that provides customers with recurring payment services across a variety of sectors, including electricity, telecom, DTH, gas, school fees, water bills, and municipal taxes.

356. What is known as Inward Remittance?

Any transfer of funds from overseas to a bank account in India is an inward remittance.

357. What is known as Account Receivables?

Customers' outstanding debts for goods or services they have received but haven't yet paid for are referred to as accounts receivable.

358. What is known as Account Payables?

When a company purchases goods on credit which need to be paid back in a short period of time, it is known as Accounts Payable.

359. What is the role of Know Your Customer Registration Agency?

This agency's principal responsibility is to keep KYC records on behalf of intermediaries who have been authorised by the market regulator to conduct business in public.

360. What is known as a financial intermediary?

A financial intermediary is an entity that acts as the middleman between two parties in a financial transaction, such as a commercial bank, investment bank, mutual fund, or pension fund.

361. What is known as Trade Receivables (TreDS)?

Trade receivables are defined as the amount owed to a business by its customers following the sale of goods or services on credit.

362. What is a real estate investment trust (REITs)?

REITs are modelled on the lines of mutual funds and provide investors with an extremely liquid way to get a stake in real estate.

363. What is known as Infrastructure Investment Trusts (InvITs)?

Infrastructure investment trusts are investment instruments that work like mutual funds and are regulated by the Securities and Exchange Board of India.

364. What is ESG?

ESG stands for Environmental, Social, and Governance. Investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities.

365. What is Greenwashing?

When a company or organisation spends more time and money promoting itself as environmentally friendly than really reducing its environmental impact, this is known as "greenwashing."

366. What is Loan Against Deposits (LAD)?

The loan against deposits facility is similar to a loan in foreign currency against a deposit in India and includes non-resident external fixed deposits in rupees.

367. What is meant by Turn around Time in Loan?

Turnaround time is the time from the application of a loan by a customer till the final disbursement of the loan amount.

368. What do you mean by Trade Finance?

Trade finance represents the financial instruments and products that are used by companies to facilitate international trade and commerce.

369. What is meant by Alternative Investment Funds (AIFs)?

Alternative Investment Fund comprises pooled investment funds which invest in venture capital, private equity, hedge funds, managed futures, etc.

370. What is known as Near Field Communication (NFC)?

Near Field Communication is a wireless personal area network (PAN) technology that connects two compatible devices in very close proximity to each other, in order to enable slow but reliable data transfer.

371. Who is said to be Financial Information Providers (FIP)?

The list of financial information providers includes banks, non-banking financial companies, asset management companies, depository, depository participants, insurance companies, and pension funds.

372. What do you mean by Profitability?

Profitability is a measure of an organization's profit relative to its expenses.

373. What is a Brokerage?

A brokerage company primarily acts as a middleman, connecting buyers and sellers to facilitate a transaction.



374. What is known as a Subsidy?

A subsidy is a direct or indirect payment to individuals or firms, usually in the form of a cash payment from the government or a targeted tax cut.

375. What is Prime Rate?

The prime interest rate, also known as the “prime rate,” is the interest rate commercial banks charge their most credit-worthy business customers.