

## 4

## CHAPTER

## Banking Products

1. Customisation means \_\_\_\_\_. **(SBI PO 2010)**
  - (a) acquiring more customers
  - (b) regulating customers
  - (c) special products to suit each customer
  - (d) more products per customer
  - (e) All of these
2. Immediately prior to change in the measure of Food Inflation, which of the following indexes was being used for measuring it? **(SBI PO 2011)**
  - (a) Wholesale Price Index
  - (b) Consumer Price Index
  - (c) Interest Rates offered by banks on deposits
  - (d) Sensex and Nifty
  - (e) None of these
3. Fixed deposits and recurring deposits are \_\_\_\_\_ **(IBPS PO/MT 2011)**
  - (a) repayable after an agreed period.
  - (b) repayable on demand
  - (c) not repayable
  - (d) repayable after death of depositors
  - (e) repayable on demand or after an agreed period as per bank's choice.
4. Mortgage is a \_\_\_\_\_ **(IBPS PO/MT 2011)**
  - (a) security on movable property for a loan given by a bank.
  - (b) security on immovable property for a loan given by a bank.
  - (c) concession on immovable property for a loan given by a bank.
  - (d) facility on immovable property for a loan given by a bank.
  - (e) security on immovable property for a deposit received by a bank.
5. Which of the following is not considered a money market instrument? **(IBPS PO/MT 2011)**
  - (a) Treasury bills
  - (b) Repurchase Agreement
  - (c) Commercial paper
  - (d) Certificate of Deposit
  - (e) Shares and bonds
6. Banks in our country normally publicise that additional interest rate is allowed on retail domestic term deposits of \_\_\_\_\_ **(IBPS PO/MT 2011)**
  - (a) Minors
  - (b) Married women
  - (c) Senior citizens
  - (d) Govt. employees
  - (e) Rural residents
7. A money deposited at a bank that cannot be withdrawn for a preset fixed period of time is known as a \_\_\_\_\_. **(IBPS PO/MT 2012)**
  - (a) Term deposit
  - (b) Checking Account
  - (c) Savings Bank Deposit
  - (d) No Frills Account
  - (e) Current Deposit
8. Bad advances of a Bank are called \_\_\_\_\_. **(IBPS PO/MT 2012)**
  - (a) Bad debt
  - (b) Book debt
  - (c) Non Performing Asset
  - (d) Out of order accounts
  - (e) Overdrawn accounts
9. A non-performing asset is \_\_\_\_\_. **(IBPS PO/MT 2013)**
  - (a) Money at call and short notice.
  - (b) An asset that ceases to generate income
  - (c) Cash balance in till
  - (d) Cash balance with RBI
  - (e) Balance with other banks
10. The part of a company's earnings or profits which are paid out to shareholders is known as \_\_\_\_\_ **(IBPS PO/MT 2013)**
  - (a) capital gains
  - (b) taxes
  - (c) interest on borrowings
  - (d) dividends
  - (e) penal interest
11. An Equity share is also commonly referred to as \_\_\_\_\_ **(IBPS PO/MT 2013)**
  - (a) ordinary share
  - (b) debenture
  - (c) convertible share
  - (d) security receipt
  - (e) preferred stock?
12. What is the full form of CBS? **(IBPS PO/MT 2014)**
  - (a) Customer Bond Solution
  - (b) Core banking System
  - (c) Core Banking Solution
  - (d) Customer Bond system
  - (e) None of these
13. In the field of banking, what does CRAR stand for? **(IBPS PO 2014)**
  - (a) Capital Reserve Adequacy Ratio
  - (b) Capital to Risk (Weighted) Assets Ratio
  - (c) Capital Reserve Assets Ratio
  - (d) Capital Risk Adequacy Ratio
  - (e) None of these
14. Bad debts mean which of the following? **(IBPS Clerk 2011)**
  - (a) Amounts owed to a company that are going to be paid within a month
  - (b) Amounts owed to a company that are not going to be paid
  - (c) Amounts owed to a company that are going to be paid.
  - (d) Amounts owed to a company that are not going to be paid within 3 years
  - (e) Amounts owed to a company that are going to be paid within 6 months

15. Preshipment packing credit advances are generally given by banks to— **(IBPS Clerk 2011)**  
 (a) Farmers (b) Retail Traders  
 (c) Professionals (d) Exporters  
 (e) Transport Operators
16. What are teaser loans? **(IBPS Clerk 2011)**  
 (a) Fixed Rate of Interest charged by Banks  
 (b) Floating rate of interest charged by banks  
 (c) Rate of interest in the initial period is very less and increases steeply in later years  
 (d) Rate of interest in the later years goes down substantially  
 (e) None of these
17. What do you understand by the term 'Mortgage'? **(IBPS Clerk 2011)**  
 (a) Sale of a movable security in the event of default by the borrower  
 (b) Registration of charge with the Registrar of Companies  
 (c) Making the security of immovable property available as a cover for a home loan by the borrower  
 (d) Registration of charge with the Regional Transport Authority  
 (e) Returning of the security to borrower by the bank on receipt of full payment
18. Which of the following constitutes the largest percentage of Retail loans in India? **(IBPS Clerk 2011)**  
 (a) Auto loans (b) Personal loans  
 (c) Personal overdrafts (d) Consumer loans  
 (e) Home loans
19. Credit risk to the bank is high in which of the following cards? **(IBPS Clerk 2011)**  
 (a) Debit cards (b) Credit cards  
 (c) ATM cards (d) All the above  
 (e) None of these
20. What is the maximum period for which domestic term deposits are normally accepted by banks in our country? **(IBPS Clerk 2011)**  
 (a) 3 years (b) 5 years  
 (c) 7 years (d) 10 years  
 (e) 12 years
21. When a banker talks about CDR, what is he talking about? **(IBPS Clerk 2011)**  
 (a) Corporate Debt Restructuring  
 (b) Corporate Debt Rollover  
 (c) Company Debt Rollover  
 (d) Corporate Deposit Restructuring  
 (e) Company Deposit Restructuring
22. Loans of very small amounts given to low income groups is called **(IBPS Clerk 2011)**  
 (a) Cash credit (b) Micro credit  
 (c) Simple overdraft (d) No frills loans  
 (e) Rural credit
23. A bank's 'fixed deposit' is also referred to as a **(IBPS Clerk 2013)**  
 (a) term deposit (b) savings bank deposit  
 (c) current deposit (d) demand deposit  
 (e) home savings deposit
24. What is the maximum loan limit under the revised Credit Linked Capital Subsidy Scheme for technical upgradation by the Government of India? **(IBPS Clerk 2014)**  
 (a) ₹ 10 lakh (b) ₹ 40 lakh  
 (c) ₹ 78 lakh (d) ₹ 100 lakh  
 (e) ₹ 150 lakh
25. Which of the following banks launched India's first food and agriculture private equity fund? **(SBI PO 2011)**  
 (a) Robo Bank (b) Citibank  
 (c) HSBC (d) SBI  
 (e) None of these
26. Funding of which of the following is not a lending for infrastructure sector? **(IBPS Clerk 2011)**  
 (a) Highway project  
 (b) Construction of Educational Institution  
 (c) Construction of Hospital  
 (d) Laying of petroleum pipelines  
 (e) Higher Studies
27. Loan taken by a small farmer will be considered a loan for agricultural purpose by a bank: **(IBPS Clerk 2012)**  
 A. Purchase of tractor  
 B. Purchase of seeds  
 C. Purchase of gold for marriage of the daughter  
 (a) Only A (b) Only B  
 (c) Both A and B (d) Only C  
 (e) None of these
28. Which one of the following is a retail banking product? **(IBPS PO/MT 2012)**  
 (a) Home Loans (b) Working capital finance  
 (c) Corporate term loans (d) Infrastructure financing  
 (e) Export Credit
29. The customers' by opening and investing in the Tax Saver Deposit Account Scheme in a Bank would get benefit under \_\_\_\_\_ **(IBPS PO/MT 2013)**  
 (a) Sales Tax (b) Customs Duty  
 (c) Excise Duty (d) Professional Tax  
 (e) Income Tax
30. In banking business, when the borrowers avail a Term Loan, initially they are given a repayment holiday and this is referred as \_\_\_\_\_ **(IBPS PO/MT 2013)**  
 (a) Subsidy (b) Interest Waiver  
 (c) Re-phasing (d) Interest concession  
 (e) Moratorium
31. The concept of 'Micro Credit' essentially concentrates on **(IBPS PO/MT 2013)**  
 (a) consumption smoothening as and when needed  
 (b) providing safe place to hold savings  
 (c) accepting deposits  
 (d) provision of credit to the poor  
 (e) facility to transfer money
32. A bank's 'fixed deposit' is also referred to as a **(IBPS PO/MT 2013)**  
 (a) term deposit (b) savings bank deposit  
 (c) current deposit (d) demand deposit  
 (e) home savings deposit
33. What type of loan is granted by banks for purchase of white goods? **(IBPS Clerk 2011)**  
 (a) Consumption loan  
 (b) Mortgage loan  
 (c) Consumer durables loan  
 (d) Home loan  
 (e) None of these

34. The 'USP' of a product denotes \_\_\_\_\_.  
(SBI PO 2013)
- Usefulness of the product
  - Drawbacks of the product
  - Main functions
  - Number of allied products available
  - High selling features of a product
35. KVP is a fixed income, long term and risk free government-run product. The minimum investment amount required to start with is ₹1,000. What is the maximum limit?  
(IBPS PO Main 2015)
- ₹ 20,000
  - ₹ 50,000
  - ₹ 1,00,000
  - No maximum limit
  - None of these
36. What is KVP lock period?  
(IBPS PO Main 2015)
- 36 Months
  - 48 Months
  - 24 Months
  - 30 Months
  - 40 Months
37. Bad advances of a bank are called  
(IBPS PO Main 2015)
- standard accounts
  - book debt
  - non performing assets
  - out of order account
  - overdrawn accounts
38. What term is used for maximum capital which the company can raise in its life time?  
(IBPS PO Main 2015)
- Authorized Capital
  - Registered Capital
  - Nominal Capital
  - All of them
  - None of these
39. The lock-in period in case of a term deposit means -  
(SBI PO Main 2016)
- Locker service is not available
  - Premature withdrawal is not possible
  - Another account cannot be opened
  - No further investment is possible
  - None of these
40. The maturity period of Public provident fund (PPF) account is how many years?  
(IBPS PO Main 2016)
- 15 years
  - 7 years
  - 10 years
  - 5 years
  - None of these
41. Loan and Advances of a bank come under the category of \_\_\_\_\_.  
(IBPS PO Main 2016)
- Deposits
  - Expenditure
  - Liabilities
  - Assets
  - None of the above
42. What does the term 'Call Money' refer to?  
(IBPS PO Main 2016)
- A loan made for a very short period of a few days or a week
  - Student loans to help cover the cost of higher education
  - Loans to allow consumers to buy homes they can't pay for upfront
  - Personal loans for any personal expenses which don't have a designated purpose
  - Loans to veterans and their families
43. All bank loans, including home loans, taken are now linked to the bank's marginal cost of funds based lending rate (MCLR). MCLR has effective from?  
(SBI PO Main 2016)
- January 1, 2016
  - September 1, 2015
  - April 1, 2015
  - April 1, 2016
  - None of these
44. What is the minimum period for which a fixed deposit can be opened in India?  
(IBPS Clerk 2013)
- 3 days
  - 7 days
  - 15 days
  - 30 days
  - 60 days
45. Which of the following types of mutual funds is not marked with BROWN color?  
(IBPS Clerk 2013)
- Diversified funds
  - Income funds
  - Sectoral funds
  - Index funds
  - Large-cap funds
46. What does stand for "S" in RTGS?  
(IBPS O/S-I 2015)
- Security
  - Services
  - Settlement
  - System
  - None of these
47. A banknote which has become dirty due to usage and includes a two pieces note pasted together wherein both the pieces presented belong to the same note, and form the entire note, is termed as  
(SBI PO Main 2017)
- Counterfeit banknote
  - Imperfect banknote
  - Soiled banknote
  - Mutilated banknote
  - None of these
48. Credit cards are also known as which of the following?  
(SBI PO Main 2017)
- Plastic money
  - Hard money
  - Silver money
  - Easy money
  - None of these
49. Investments made by a mutual fund on behalf of investors are accounted as  
(IBPS RRB Main 2017)
- Assets
  - Liabilities
  - Capital
  - Hedge Fund
  - Collateral
50. An insurance policy qualifies as micro-insurance policy if the benefits don't exceed  
(IBPS RRB Main 2017)
- ₹ 10,000
  - ₹ 25,000
  - ₹ 50,000
  - ₹ 1 lakh
  - ₹ 2 lakh
51. Which of the following does not correctly explain Mutual Fund?  
(IBPS RRB Main 2017)
- It is a collective investment scheme
  - It is regulated and sold to the general public
  - It is managed by an Asset Management Company
  - It is a depository financial intermediary
  - None of these
52. An individual has secured a \$12,000 loan from the bank to purchase a boat, which is scheduled for repayment in monthly installments over 48 months. Which life insurance would protect the lender should the borrower die prior to retiring the debt?  
(IBPS RRB Main 2017)
- Level Term
  - Enhanced Whole Life
  - Modified Premium Life
  - Decreasing Term
  - None of these

53. The Reserve Bank of India introduced a fluorescent blue Rs 50 currency note, with an incredible \_\_\_\_\_ motif on the reverse side as a nod to India's syncretic past.  
(SBI PO Main 2018)
- (a) Temple (b) Star  
(c) Hampi (d) Sun  
(e) Moon
54. Under which of the following sections of Insurance act 1938, the Amalgamation and Transfer of Insurance Business came?  
(IBPS RRB PO Main 2018)
- (a) section 23 (b) section 35  
(c) section 40 (d) section 32  
(e) section 56
55. Bank of Baroda has issued FASTag that will act as the composite solution on Electronic Toll Collection. The Baroda FASTag based on which technology?  
(IBPS PO Main-2019)
- (a) NFC (b) Bluetooth  
(c) RFID (d) LiFi  
(e) GPS
56. Which bank has launched Bharosa Saving Account?  
(IBPS PO Main-2019)
- (a) Jio Payments Bank.  
(b) India Post Payments Bank  
(c) Paytm Payment Bank  
(d) Airtel Payment Bank  
(e) Fino Payments Bank
57. Which Bank has introduced new Fixed Deposit scheme "FD Health" offering dual-benefit of investment growth via FD (Fixed Deposit) and protection through a critical illness coverage?  
(IBPS PO Main-2019)
- (a) State Bank of India  
(b) Punjab National Bank  
(c) Corporation Bank  
(d) HDFC Bank  
(e) ICICI Bank
58. SBI Card launched the 'SBI Card Pay', a feature which allows contactless payment using mobile phones at point of sale (PoS) terminals using which technology?  
(IBPS PO Main-2019)
- (a) NFC (b) Swipe  
(c) Internet Banking (d) Tap  
(e) Switch
59. Nirmala Sitharaman said public sector banks will provide loans to retail, agriculture, and MSME loans and farmers under \_\_\_\_\_ category which can also be availed in 400 districts.  
(IBPS PO Main-2019)
- (a) RAM (b) ARM  
(c) MRA (d) MAR  
(e) RMA
60. RBI has issued guidelines on \_\_\_\_\_ authorization for BHARAT Bill Payment Operating Unit (BBPOU), Trade receivables discounting system (TReDS) and White Label ATMs.  
(IBPS PO Main-2019)
- (a) On Tap (b) Liquidity  
(c) Loan (d) Payment  
(e) Discounting
61. The Non-Bank entities which set up, owned and operate the ATMs are known as? (IBPS PO Main-2019)
- (a) Orange Label ATM  
(b) Brown Label ATM  
(c) Yellow Label  
(d) Onsite ATMs  
(e) White Label ATMs
62. Name the insurance company who has announced the launch of 'Wings', a specially designed mentorship program to empower the female workforce? (SBI PO Main-2019)
- (a) Kotak Mahindra Life Insurance  
(b) Max Life Insurance  
(c) Aditya Birla Sun Life Insurance  
(d) Bajaj Allianz Life Insurance  
(e) Aviva Life Insurance
63. Deposits in bank accounts opened under Jan Dhan scheme have crossed the Rs \_\_\_\_\_ lakh crore mark.  
(SBI Clerk Main-2019)
- (a) 1 lack crore  
(b) 2 lack crore  
(c) 3 lack crore  
(d) 4 lack crore  
(e) 5 lack crore
64. Every woman in Self-Help Group (SHG) was eligible for a loan up to \_\_\_\_\_ under the MUDRA Scheme.  
(SBI Clerk Main-2019)
- (a) ₹ 0.5 lakh (b) ₹ 1 lakh  
(c) ₹ 1.5 lakh (d) ₹ 2 lakh  
(e) ₹ 2.5 lakh
65. Apple Inc has jointly launched the "Apple Card" a virtual credit card for iPhones with which company?  
(IBPS RRB PO Main-2019)
- (a) Walmart Inc  
(b) Goldman Sachs Group Inc  
(c) J.P. Morgan  
(d) Deutsche Bank  
(e) Morgan Stanley
66. What is the cap on individual cash donation to political parties as Election Bond cash money?  
(IBPS RRB PO Main-2019)
- (a) ₹ 1000 (b) ₹ 2000  
(c) ₹ 2500 (d) ₹ 3000  
(e) ₹ 4000
67. Which bank in partnership with First Hive has launched SME Empower?  
(IBPS Clerk Main-2020)
- (a) ICICI Bank (b) IDBI Bank  
(c) HDFC Bank (d) Yes bank  
(e) Axis Bank
68. What is the Limit for Semi Closed PPI?  
(IBPS Clerk Main-2020)
- (a) ₹ 5,000 (b) ₹ 10,000  
(c) ₹ 15,000 (d) ₹ 20,000  
(e) ₹ 1,000

# Answers & Explanations

1. (c)
2. (a)
3. (a) In fixed deposit you deposit a certain sum for a definite period. You can opt either for periodical (monthly/quarterly/half yearly or annually) returns or simply opt to get the amount with accumulated interest at the end of the prescribed period. In recurring deposit, you pay a fixed amount at regular intervals (say 100 PM for 12 months). You will get back the amount with accumulated interest at the end of the prescribed period.
4. (b)
5. (e)
6. (c)
7. (a)
8. (c)
9. (b) A non-performing asset (NPA) is defined as a credit facility in respect of which the interest and/or installment of principal has remained 'past due' for a specified period of time. Once the borrower has failed to make interest or principal payments for 90 days the loan is considered to be a non-performing asset.
10. (d)
11. (a)
12. (c)
13. (b) CRAR is the acronym for Capital to Risk (weighted) Assets Ratio, a standard metric to measure balance sheet strength of banks. BASEL 1 and BASEL II are global capital adequacy rules that prescribe a minimum amount of capital a bank has to hold given the size of its risk weighted assets.
14. (b)
15. (d)
16. (c)
17. (c)
18. (e)
19. (b)
20. (d)
21. (a)
22. (b)
23. (a)
24. (d)
25. (e)
26. (e)
27. (c)
28. (a)
29. (e) In the Finance Act 2006, Section 80C of Income Tax Act 1961 was amended to include deposits placed with a scheduled bank to qualify for deduction under 80C. The amount of investment up to '1,50,000 under the notified deposit scheme will be eligible for deduction under Section 80C of Income Tax Act for individuals/Hindu Undivided Families.
30. (e) The Repayment holiday is called moratorium period. It is actually a delay granted in the repayment of a debt or in the fulfillment of another legal obligation.
31. (d) Microcredit is the term used to identify small loans that are made to individuals and entities that would otherwise not be able to obtain any type of credit. The main function of microcredit is to provide financial services to those poor who do not qualify for standard sources of credit and assist them in achieving a better quality of life.
32. (a)
33. (c)
34. (e) USP (unique selling proposition) denotes high/unique selling features of a product. USP helps in creating a unique place in the minds of customers in comparison to that of competitor brand.
35. (d)
36. (d)
37. (c)
38. (d)
39. (b)
40. (a)
41. (d)
42. (a)
43. (d)
44. (b)
45. (b)
46. (c)
47. (c)
48. (a)
49. (a) Investing in a mutual fund is like an investment made by a collective. The AMC Invests the investors' money on their behalf into various assets towards a common investment objective. So Investments made by a mutual fund on behalf of investors are treated as assets.
50. (c) An insurance policy qualifies as micro-insurance policy if the benefits don't exceed ₹ 50,000. According to IRDA, and the distribution channels have been clearly defined as non-governmental organizations, self-help groups and microfinance institutions, apart from insurance agents, corporate agents and brokers. Most micro-insurance products are offered by microfinance institutions in combination with micro-loans.
51. (d) A mutual fund collects money from the investors, issues certificates to them known as units and invests the money collected in securities so as to achieve mutual benefits in terms of capital appreciation in such securities. It is a non-depository. Non-banking financial intermediary, which acts as an important vehicle for bringing wealth holders and deficit units together indirectly.
52. (d) In Decreasing Term, the death benefit declines systematically, as does most debt. Decreasing Term is used almost exclusively in credit insurance. Modified Premium and Enhanced Whole are types of Whole Life, and not appropriate for short-term creditor protection.
53. (c)
54. (b) Under section 35 of Insurance act 1938, the Amalgamation and Transfer of Insurance Business came.
55. (c) The Baroda FASTag is a simple & reusable tag based on Radio-Frequency Identification Technology (RFID) that will be affixed on a vehicle's windscreen. Each tag is linked to a prepaid account maintained at Bank end to facilitate instant automatic deduction of toll charges.
56. (d) Airtel Payments Bank has launched 'Bharosa savings account' which enables customers to withdraw cash, check their balance or access a mini statement of their account at over 6,50,000 Aadhaar-enabled payment system (AePS) enabled outlets across India.
57. (e) Private sector lender ICICI Bank today launched of FD Health, a fixed deposit (FD) offering the dual-benefit of investment growth via FD and protection through a critical illness coverage. For investors in FD Health, ICICI Bank will offer the insurance cover free of cost for the first year and thereafter, they can renew it.
58. (a) SBI Card launched 'SBI Card Pay', a feature which allows contactless payment using mobile phones at PoS terminals. Using SBI Card Pay, customers can make contactless payments at Near Field Communication (NFC) enabled point of sale terminals with just one tap of their mobiles, without using the physical credit card or entering any PIN.

59. (a) Nirmala Sitharaman said public sector banks will provide loans to retail, agriculture, and MSME loans and farmers under "RAM" category which can also be availed in 400 districts.
60. (a) RBI has issued guidelines on "On Tap" authorization for BHARAT Bill Payment Operating Unit (BBPOU), Trade receivables discounting system (TReDS) and White Label ATMs.
61. (e) The Non-Bank entities which set up, owned and operate the ATMs are known as White Label ATMs. They provide the banking services to the customers of banks in India, based on the cards (debit/credit/prepaid) issued by banks.
62. (e) Aviva Life Insurance has announced the launch of 'Wings', a specially designed mentorship program to empower the female workforce. Wings program is an initiative of the SHE division of Aviva Life Insurance for mentoring all the women employees in Aviva.
63. (a) Deposits in bank accounts opened under Jan Dhan scheme have crossed the Rs 1 lakh crore mark. As per the latest finance ministry data, the total balance in over ₹ 36.06 crore Pradhan Mantri Jan Dhan Yojana accounts at ₹ 1,00,495.94 crores The PMJDY launched on August 28, 2014.
64. (b) Every woman in Self-Help Group (SHG) was eligible for a loan up to Rs. 1 lakh under the MUDRA Scheme.
65. (b) Apple Inc has jointly launched the "Apple Card" a virtual credit card for iPhones with American multinational investment bank Goldman Sachs Group.
66. (b) To discourage cash transactions and to bring transparency in the source of funding to political parties, the Finance Bill, 2017 proposed to amend the provisions of the Income Tax Act to stop individual cash donation above ₹ 2,000. The Election Commission had been pushing for the ₹ 2,000 cap for a long time.
67. (a) ICICI Bank, in partnership with First Hive, has launched SME Empower, an online marketplace catering exclusively to small and medium enterprises. The marketplace is open to all SMEs, including non-ICICI Bank customers.
68. (b) The Reserve Bank of India (RBI) has proposed the introduction of a new type of Prepaid Payment Instrument (PPI) which can be used only for purchase of goods and services up to a limit of Rs 10,000. The PPI can only be used for making digital payments such as bill payments and merchant payments, and can be loaded/reloaded only from a bank account, the apex bank said in its statement on development and regulatory policy.