

All India Mock For JAIIB RBWM 2023

Q1. What does retail banking involve?

(½ Marks)

- (a) Only offering loans and mortgages to individual customers
- (b) Only raising resources from a large number of retail depositors
- (c) Offering products on both sides of the balance sheet to individual customers
- (d) Providing services primarily for entrepreneurial purposes

Q2. Which of the following best describes retail banking?

(½ Marks)

- (a) A banking model focused on serving individual customers
- (b) A banking model focused on investment banking and corporate capital raising
- (c) A banking model focused on specialized and sophisticated products for organizations
- (d) A banking model focused on operative accounts for customers

Q3. Which of the following is the most important prerequisite for retail banking to succeed?

(½ Marks)

- (a) Presence of a wide range of products and services
- (b) Presence of foreign banks in the market
- (c) Presence of an efficient delivery mechanism
- (d) Presence of multiple channels for banking

Q4. What should banks and financial institutions do regarding big tech companies?

(½ Marks)

- (a) View them as a threat
- (b) Embrace partnerships and collaboration with them
- (c) Compete with them in the market
- (d) Avoid any form of association with them

Q5. The Code of Bank's Commitment aims to set _____ standards in member banks' dealings with customers.

(½ Marks)

- (a) maximum
- (b) average
- (c) minimum
- (d) optimum

Q6. What is the purpose of verifying the property documents and conducting site visits during due diligence for loan processing?

(½ Marks)

- (a) To determine the interest rate for the loan
- (b) To market the loan aggressively
- (c) To identify potential defaulters
- (d) To ensure that the property offered as collateral is genuine and has a clear title

Q7. Which of the following is true about health insurance?

(1 Marks)

- (a) It is a contract between the insurance company and the insured person to cover only accidental injuries
- (b) It is a contract between the insurance company and the insured person to cover the medical issues that might arise from illness, accidental injuries, surgeries, and other medical complications
- (c) Health insurance is only provided by life insurance companies
- (d) Health insurance is not a growing segment in the non-life insurance industry

Q8. Which group in investment banking acts as agents for clients and can also trade the firm's capital?

(½ Marks)

- (a) Sales and trading groups
- (b) M&A groups
- (c) Capital raising and underwriting groups
- (d) Equity research groups

Q9. What is the purpose of contact center automation in CRM software?

(½ Marks)

- (a) To record various customer interactions
- (b) To automate repetitive tasks in marketing efforts
- (c) To prevent duplicate efforts between a salesperson and a customer
- (d) To reduce tedious aspects of a contact center agent's job



Q10. What are the two types of ATMs for retail customers?
(1/2 Marks)

- (a) On-site and off-site
- (b) Rural and urban
- (c) Private and public
- (d) Cash withdrawals and balance inquiry

Q11. Why are banks prohibited from offering certain services like insurance and mutual funds schemes on their own?
(1/2 Marks)

- (a) Because these services are not profitable for banks
- (b) Because these services are not in high demand among customers
- (c) Because banks lack expertise in these areas
- (d) Because offering these services involves regulatory restrictions

Q12. What is the significance of the Integrated Ombudsman Scheme 2021?
(1/2 Marks)

- (a) It defines deficiency in service as the ground for filing a complaint
- (b) It eliminates the need for a complainant to identify under which scheme to file a complaint
- (c) It has done away with the jurisdiction of each ombudsman office
- (d) All of the above

Q13. Who is a portfolio manager?
(1/2 Marks)

- (a) A person who manages a mutual fund
- (b) A licensed investment professional who specializes in analyzing investment objectives
- (c) A financial planner who provides tax advice to clients
- (d) An individual who assists clients in creating budgets and managing their finances

Q14. What is the twofold value dimension that CRM solutions can improve?
(1/2 Marks)

- (a) Employee value and customer loyalty
- (b) Employee productivity and customer value
- (c) Customer satisfaction and brand equity
- (d) Product development and management

Q15. What is the objective of a good CRM initiative in retail banking?
(1/2 Marks)

- (a) To increase customer churn
- (b) To decrease the share of the wallet of the customer
- (c) To build long-term profitable relationships with specific customers
- (d) To decrease the per-customer profitability of banks

Q16. What factors can be used for market segmentation in retail banking?
(1/2 Marks)

- (a) Spending habits, frequency, and capacity
- (b) Physical location of customers
- (c) Marital status and the number of children
- (d) Ethnicity and religious beliefs

Q17. What do Interval Funds have in common with Fixed Maturity Plans (FMPs)?
(1/2 Marks)

- (a) Investors can redeem their investment before the maturity
- (b) The fund manager cannot allocate investments for a fixed tenure
- (c) Both invest only in equities
- (d) Investors' money remains invested for a fixed tenure

Q18. What is the buyer's market in banking services?
(1/2 Marks)

- (a) A market where banks compete to attract new employees
- (b) A market where banks compete to attract new customers
- (c) A market where banks compete to acquire new technology
- (d) A market where banks compete to expand their branch network

Q19. What changes would the movement of banking services to electronic delivery bring about?
(1/2 Marks)

- (i) Reduction of geographic barriers
 - (ii) Elimination of competitive strategies deployed by banks
 - (iii) Increase in the cost of banking products
 - (iv) Commoditization of non-financial products
- (a) Only i
 - (b) Both i and iv
 - (c) i, iii, and iv
 - (d) All from i to iv

Q20. What is the role of BCSBI in resolving the individual grievances of bank customers?
(1/2 Marks)

- (a) BCSBI is a forum for the redressal of individual grievances
- (b) BCSBI has no role in resolving individual grievances
- (c) BCSBI provides training to bank employees to resolve individual grievances
- (d) BCSBI conducts research to resolve individual grievances

Q21. Which of the following is a constraint faced by the retail banking segment?
(1 Marks)

- (i) Limited customer base
- (ii) Simplified IT systems
- (iii) High costs of maintaining branch networks and handling low-value transactions
- (iv) Minimal competition in the market

Which of the following statements is correct:

- (a) i and ii
- (b) iii and iv
- (c) only iii
- (d) only iv

Q22. True or False:

I. Different types of banks have varying business models when it comes to retail banking.

II. The strategies and methods that banks employ for retail banking are influenced by how significant they consider retail banking to be within their overall corporate strategies.

III. The primary approaches to retail banking include the Strategic Business Unit (SBU) Approach, the Departmental Approach, and the Integrated Approach.

(1 Marks)

- (a) True, False, False
- (b) False, False, False
- (c) True, True, True
- (d) True, False, True

Q23. Read the following statements carefully-

Statement I: Public Sector Banks (PSBs) provide Savings Bank accounts with ATM/Debit Cards, sweep facilities, additional insurance options, and Super Savings Accounts. Additionally, they offer current accounts with fixed overdraft features.

Statement II: Old private sector banks provide supplementary life insurance coverage, whereas new-generation private sector banks and foreign banks offer extensive banking services that are akin to those provided by Public Sector Banks (PSBs).

(1 Marks)

- (a) Statement I is true, Statement II is false
- (b) Both statement are true
- (c) Both statement are false
- (d) Statement I is false, Statement II is true

Q24. In the context of banks, which statement aligns most accurately with the core principle of business realignment, focusing on profitability and efficiency?

(1 Marks)

- (a) Business realignment involves focusing solely on traditional banking services to increase profitability.
- (b) Business realignment aims to exit lines of business with high margins and move into cost-effective areas to enhance bank profitability.
- (c) Business realignment requires reducing investments and costs to achieve immediate improvements in margins and efficiency.
- (d) Business realignment emphasizes maintaining the status quo and avoiding any changes in the bank's operations.

Q25. Which of the following are not the factors associated with service Assurance?

I. Competence- Having the necessary skills and knowledge to carry out services.

II. Courtesy - The quality of being polite, respectful, considerate, and friendly by the staff or personnel in contact.

III. Credibility- The reliability and credibility of the service provider.

IV. Security - The absence of potential harm or uncertainty. (1 Marks)

- (a) I, II, III
- (b) II, III, IV
- (c) I, II, IV
- (d) None of the above

Q26. Read the following statements carefully and choose the correct ones in relation to the concept of characteristics of the current account.

I. Interest payment on current accounts is allowed by RBI without requiring prior authorization.

II. There are generally no limitations on the number and amount of withdrawals from the account, except in certain situations.

III. Overdraft facility can be availed with prior arrangement.

IV. Depositing third-party cheques and endorsed cheques in the current account is not allowed for collection and credit, regardless of specific conditions.

(1 Marks)

- (a) Only III
- (b) I, II
- (c) I, IV
- (d) II, III

Q27. Read the following statements carefully and choose the correct ones in relation to factors leading to favorable credit scores.

I. Irregularly settle credit card debts or delay payments.

II. Choose to make only minimum payments on credit card bills instead of paying the full amount.

III. Steer clear of excessive borrowing and overextension.

IV. Preserve robust financial documentation.

(1 Marks)

- (a) I and II
- (b) III and IV
- (c) II, IV
- (d) All of the above

Q28. Which of the following statements is/are false in relation to the concept of advantages and importance of savings bank deposits to customers?

I. Saving accounts discourage a savings habit for individuals with fixed incomes.

II. Depositors can earn interest income through their savings accounts.

III. Cheques can be issued from savings accounts for making payments.

IV. The savings account statement reflects the income earned during the year.

V. The passbook serves as proof of identity and residence for the account holder.

(1 Marks)

- (a) Only I
- (b) I, III, V
- (c) II, III, IV, V
- (d) All of the above

Q29. What are the steps involved in processing and sanctioning loans through Retail Loan Processing Centres (RLPCs)?

(1 Marks)

- (a) i. Process the application, ii. Do the valuation through the panel valuer, iii. Arrive at the Credit Score, iv. Obtain the legal opinion from the panel lawyer.
 (b) i. Process the application, ii. Arrive at the Credit Score, iii. Do the verification checks, iv. Release the loan to the borrower.
 (c) i. Process the application, ii. Obtain the Encumbrance Certificate through the panel lawyers, iii. Pricing of the loan based on the Type of Loan/Credit Score/Individual Borrower/Group borrower, iv. Advising the sanction of the loan to the borrower/branch with the terms and conditions.
 (d) i. Process the application, ii. Do the verification checks, iii. Arrive at the Credit Score, iv. Do the valuation through the panel valuer.

Q30. Match the following:

Type of facility/penalty	Charges
A. Cash Advance Transaction Fee	I. Rs.100/250 depending on the card
B. Card Replacement (lost/stolen/reissue/any other)	II. Rs.600
C. Overdue Penalty/ Late Penalty Fee	III. 2.5% (Min. Rs.300) of the cash amount
D. Over Limit Penalty	IV. Rs.500
E. Cheque Return/Dishonour Fee	V. 15% of total amount due (Min.Rs.350, Max Rs. 750)

(1 Marks)

- (a) A-I, B-II, C-III, D-IV, E-V
 (b) A-III, B-I, C-V, D-II, E-IV
 (c) A-II, B-I, C-V, D-III, E-IV
 (d) A-III, B-II, C-I, D-IV, E-V

Q31. What is considered a good credit score by banks in India?

(½ Marks)

- (a) Any score over 600
 (b) Any score over 700
 (c) Any score over 800
 (d) Any score over 900

Q32. What does Section 17 of the Credit Information Companies (Regulation) Act, 2005 stipulate?

(½ Marks)

- (a) CICs can seek and obtain credit information from anyone
 (b) CICs can seek and obtain credit information from their members only
 (c) CICs can seek and obtain credit information from individuals directly
 (d) CICs can seek and obtain credit information from government agencies only

Q33. What should borrowers do to improve their credit scores?

- (i) Maintain financial discipline and repay dues on time
 (ii) Seek frequent credit lines
 (iii) Open new accounts and the close old ones

(1 Marks)

- (a) Only i
 (b) Both i and iii
 (c) Both i and ii
 (d) All from i to iii

Q34. What is the risk associated with investing in SGBs?

(½ Marks)

- (a) Risk of loss of scrip
 (b) Risk of loss of gold units
 (c) Risk of a delayed payment of interest
 (d) Risk of capital loss if the market price of gold declines

Q35. PMS offers a higher degree of _____ specifically to the goals of an investor. Mutual funds, on the other hand, offer customization to the extent of the classification and diversity of the fund.

(½ Marks)

- (a) liquidity
 (b) diversification
 (c) customization
 (d) volatility

Q36. Which of the following risks are broadly categorized for banks?

(½ Marks)

- (a) Credit risk, Liquidity risk, Market risk, and Operational risk
 (b) Economic risk, Political risk, Technological risk, and Legal Risk
 (c) Interest rate risk, Foreign exchange risk, Country risk, and Systemic risk
 (d) None of the above

Q37. What is the unique feature of the RuPay Select card?

(½ Marks)

- (a) It offers comprehensive insurance covering up to Rs. 200,000
 (b) It provides an airport lounge access program
 (c) It is independent of the issuing bank and offers benefits curated under one package
 (d) None of the above

Q38. What is the Payment and Settlement Systems Act, of 2007?

(½ Marks)

- (a) An act to regulate the banking industry in India
- (b) An act to promote foreign investment in India
- (c) An act to create a robust payment and settlement infrastructure in India
- (d) An act to provide loans to Indian banks and financial institutions

Q39. What is the difference between the financial year and the assessment year?

(½ Marks)

- (a) There is no difference between the financial year and the assessment year
- (b) Financial year is the year in which income is earned and assessment year is the year in which taxes are paid
- (c) The financial year is the year in which taxes are paid and the assessment year is the year in which income is earned
- (d) Financial year is the year in which income is earned and assessment year is the year in which income is assessed to tax and all taxes are paid & tax returns filed

Q40. What technologies are used to build the alerts solution?

(½ Marks)

- (a) Java and C#
- (b) J2EE and .NET
- (c) PHP and Python
- (d) HTML and CSS

Q41. Greentown is a rapidly growing city with a population of approximately 500,000 residents. The city has been facing significant energy challenges, including high energy consumption, reliance on fossil fuels, and increasing greenhouse gas emissions. To combat these issues and promote a sustainable future, the city government decided to embark on an ambitious project to implement an integrated approach to energy solutions. Which of the following is NOT a strategy included in the integrated approach for sustainable energy solutions?

(2 Marks)

- (a) Energy efficiency measures
- (b) Renewable energy integration
- (c) Building new coal-fired power plants
- (d) Smart grid implementations

Q42. What is one of the main goals for banks when providing a diverse array of financial services, extending beyond basic liability and asset products, within the retail banking sector?

(½ Marks)

- (a) Enhancing customer experience
- (b) Increasing profitability
- (c) Streamlining internal processes
- (d) Expanding market presence

Q43. An individual invests ₹100 at a compound interest rate of 5% per annum. If they maintain the investment for 3 years, how much will the investment be worth at the end of the period?

(1 Marks)

- (a) ₹115.50
- (b) ₹115.76
- (c) ₹125.50
- (d) ₹115.25

Q44. In the study undertaken by the research agency, what specific metrics or parameters were employed to assess and gauge customer satisfaction?

- I. In the study, banks' customer service quality was measured using KPIs and compared to sector-specific benchmarks.
- II. Dissatisfaction was evaluated based on Overall Dissatisfaction, Criticism, and Disloyalty.
- III. The industry performed well, with satisfaction ratings above 80% for all three product segments.
- IV. Around 90% of Savings Account and Home Loan customers highly value their respective banks, but satisfaction is lower for Credit Cards.
- V. Private Sector Banks lead in Savings Accounts and Credit Cards, while Public Sector Banks excel in Home Loans, and Foreign Banks perform well in Home Loans and Credit Cards.

(1 Marks)

- (a) I, III, IV, and V
- (b) I, III, V
- (c) II, IV, V
- (d) All of the above

Q45. What do you understand by the term "Term Deposit"?

(1 Marks)

- (a) A term deposit is a type of deposit held for a predetermined duration, accessible only after the end of this term. It doesn't encompass deposits that are retrievable upon giving a notice.
- (b) A term deposit functions as a demand deposit, permitting withdrawals either when the maturity date is reached or after a stipulated notice period has passed.
- (c) A term deposit is a savings vehicle with a specified term that provides interest payments on a monthly or quarterly basis, in addition to lump-sum interest at the term's end.
- (d) None of the above.

Q46. What does the term "holistic approach" mean in the context of marketing effectiveness?

(½ Marks)

- (a) Considering only one aspect of the marketing mix
- (b) Considering all the seven Ps in the marketing mix
- (c) Considering only the promotion element of the marketing mix
- (d) Considering only the customer's response

Q47. What is the primary purpose of a data warehouse?
(½ Marks)

- (a) To serve as the central memory for a bank
- (b) To conduct real-time data mining
- (c) To support sales and service staff in a bank
- (d) To develop customized marketing plans

Q48. Who are the clients of Private Wealth Management?
(½ Marks)

- (a) Only corporations and trusts
- (b) Only individuals with limited financial means
- (c) Only individuals with a high net worth
- (d) Only groups and organizations

Q49. What is the relationship-based approach used by wealth managers?
(½ Marks)

- (a) They focus on impressing clients with financial jargon
- (b) They provide generic financial advice to all clients
- (c) They prioritize their own financial goals over their clients'
- (d) They use a healthy exchange of ideas to formulate financial strategies

Q50. What happens if a person dies without writing a will?
(1 Marks)

- (a) The person's assets will be distributed amongst the legal heirs as defined by the Succession Act
- (b) The person's assets will be frozen until a will is found as defined in the Indian Constitution
- (c) The person's assets will be distributed according to their wishes as defined in the Hindu Succession Act
- (d) The person's assets will be donated to a charitable organization as defined in the Wealth Management Act

Q51. Which of the following is not a wealth management product or service offered by professionals?
(½ Marks)

- (a) Alternative Asset
- (b) Bonds and Debentures
- (c) Personal Loans
- (d) Insurance

Q52. Which of the following statements is correct regarding Wealth Management?
(1 Marks)

- (a) Wealth management is a service that is only suitable for middle-class clients
- (b) Wealth management combines other financial services to address the needs of affluent clients
- (c) Wealth management services are only provided for businesses, not individuals
- (d) Wealth management services do not include retirement planning or tax services

Q53. Which of the following best defines the concept of 'process' in retail banking?
(½ Marks)

- (a) The efforts made by banks to reach out to customers
- (b) The tangible goods and services offered by a bank to its customers
- (c) The resultant transaction cost to be borne by the banker or the customers
- (d) The organizational activities involved in marketing and delivering the final product to the customers

Q54. Which of the following statements is true regarding profit and profitability?
(½ Marks)

- (a) Profit and profitability are the same things
- (b) Profit is an absolute number while profitability is a relative one
- (c) Profitability is the amount of income above and beyond the costs incurred
- (d) Profit is a measurement of efficiency

Q55. What is the main reason customers prefer brick-and-mortar branches for retail banking services?
(½ Marks)

- (a) Branches offer more convenience compared to other channels
- (b) Branch transactions infuse a sense of confidence in customers
- (c) Branches offer better interest rates compared to other channels
- (d) Branches have a better layout and ambiance

Q56. You invest Rs.5,000 in a savings account with an annual interest rate of 3%, compounded annually. What will be the future value of your investment after 10 years?
(1 Marks)

- (a) Rs.6,719.6
- (b) Rs.6,927.42
- (c) Rs.6,039.89
- (d) Rs.7,107.13

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Q57. Mr. Anish applies for a personal loan of Rs.10,000 from Bank A. Bank A checks Mr. Anish's credit score obtained from Credit Agency X and finds that he had previously defaulted on a loan from Bank B. As a result, Mr. Anish's credit score is negatively affected. Bank A decides to offer him a loan, but they want to adjust the interest rate based on his creditworthiness. Which of the following statements reflects the most likely scenario regarding Bank A's decision?

(2 Marks)

- (a) Bank A offers Mr. Anish the personal loan with a higher interest rate due to his past default on a loan from Bank B, as it deems him a higher credit risk.
- (b) Bank A approves Mr. Anish's personal loan with the lowest interest rate despite his past default, as they believe in giving everyone a fair chance.
- (c) Bank A rejects Mr. Anish's loan application outright, as he has a history of defaulting on loans, and they don't want to take any risk.
- (d) Bank A offers Mr. Anish a personal loan with a standard interest rate, as they are unaware of his past default on a loan from Bank B.

Q58. Mrs. Gupta, a careful and thoughtful saver, went to her neighborhood bank recently with the intention of starting a savings account. She wanted to ensure that her savings would be secure, easily accessible and would yield good returns. In her pursuit to find the most suitable option, she explored the different savings products presented by the bank, each having its distinct advantages and perks. What makes a bank more favorable compared to other financial entities in terms of encouraging individuals to save?

(2 Marks)

- (a) Banks have their own money to lend, allowing them to offer higher interest rates on savings compared to other financial intermediaries.
- (b) Banks have a higher level of trust among the community, enabling them to attract deposits at relatively cheaper rates.
- (c) Banks offer a wide range of savings products tailored to suit the needs of various types of savers.
- (d) Banks have a smaller pool of resources, allowing them to offer more flexibility in the withdrawal of deposits compared to other financial intermediaries.

Q59. Rajesh, a salaried individual, wants to purchase a second house in a different town for self-occupation. He already owns a house in his current town of residence. However, he is confused about whether he is eligible for a housing loan from a bank to buy a second house. He approaches multiple banks for clarification and receives different responses based on their policies and RBI guidelines. Based on the RBI guidelines and bank policies, which of the following statements is TRUE regarding

Rajesh's eligibility for a housing loan to buy the second house?

(2 Marks)

- (a) Rajesh can qualify for a home loan to purchase a second residence, but he needs to offer a secondary mortgage on an already mortgaged property that favors other creditors.
- (b) Rajesh can't secure a home loan for the acquisition of a second residence, as he presently owns a home in the town he resides in.
- (c) Rajesh can obtain a home loan to finance the purchase of another residence, but only under the stipulation that he secures the loan via a government or state government assurance, aimed at enhancing the state of slum areas.
- (d) Rajesh meets the criteria to apply for a home loan for a second property; however, the bank stipulates that the loan is contingent upon the timely completion of the project, which should not exceed a three-year timeframe.

Q60. Lisa, who regularly shops at her neighborhood supermarket, came across a newly launched promotional scheme. The supermarket had unveiled its own loyalty card aimed at offering regular patrons special discounts and rewards. Seizing the opportunity, Lisa applied for the loyalty card, which was distributed by the supermarket. This card enabled her to garner points with every transaction, which she could later exchange for discounts on subsequent purchases. Back in the early 1900s, specific oil firms and retail outlets primarily rolled out their exclusive cards to:

(2 Marks)

- (a) Improve client service through the provision of instant credit and flexible payment alternatives.
- (b) Promote the 'Buy Now, Pay Later' ideology to foster increased expenditure.
- (c) Build and maintain customer allegiance while enhancing their brand reputation by offering tailored perks.
- (d) Initiate the groundbreaking idea of open-ended credit to benefit consumers.

Q61. What is one way that banks can provide better customer care while also lowering operational costs?

(½ Marks)

- (a) Expanding customer self-service
- (b) Using demographic variables
- (c) Offering one-size-fits-all rewards
- (d) Automating dispute management

Q62. What does TDS stand for?

(½ Marks)

- (a) Taxation Deposit Service
- (b) Tax Deducted at Source
- (c) Taxation Development Scheme
- (d) Taxation Deduction System

Q63. The reason why the principal component increases and the interest component decreases in the EMI model of loan repayment is:

(½ Marks)

- (a) Because the interest rate decreases over time
- (b) Because the principal amount decreases over time
- (c) Because the interest is calculated on the outstanding principal amount
- (d) None of the above

Q64. What are the reasons behind the increasing preference for electronic payment methods over traditional paper-based instruments in the Indian banking system?

(1 Marks)

- (a) Due to advancements in clinical research and the medical field
- (b) Because of the influence of weather forecasts on banking operations
- (c) To meet the requirements of the public at large in the retail banking sector
- (d) As a result of technological advancements in the stock market

Q65. What is the concept of Direct Selling Agents (DSAs) in banking?

(1 Marks)

- (a) DSAs are agencies appointed by the bank to manage their branch network and geography
- (b) DSAs are banks' employees who are responsible for selling banking products
- (c) DSAs are agencies appointed by the bank to source business on a fee basis and complete preliminary formalities for acquiring customers
- (d) DSAs are agencies appointed by the bank to ensure compliance with regulatory requirements

Q66. What is the objective of RBI's guidelines on the Co-Lending Model?

(1 Marks)

- (a) To increase the cost of credit to the unserved and underserved sectors of the economy
- (b) To reduce the flow of credit to the unserved and underserved sectors of the economy
- (c) To limit the reach of Non-Banking Finance Companies (NBFCs) in the economy
- (d) To improve the flow of credit to the unserved and underserved sectors of the economy

Q67. Which of the following is not a basic requirement of a good MKIS?

- (i) Unified and centralized system
- (ii) Cost-effective in maintaining

- (iii) Provide information irregularly and slowly
- (iv) Support system for marketing decision-makers

(1 Marks)

- (a) Only i
- (b) Only iii
- (c) Both i and iii
- (d) i, iii and iv

Q68. What are some of the comfort factors that make retail banking an attractive business model for banks in India?

(1 Marks)

- (a) Acquisition of a huge customer base, single product offerings, lower pricing, and profitability
- (b) Acquisition of a huge customer base, a single channel of distribution, higher pricing and profitability
- (c) Acquisition of a huge customer base, multiple product offerings, better pricing, and profitability
- (d) Acquisition of a small customer base, multiple product offerings, lower pricing, and profitability

Q69. When is the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder considered a valid discharge of the bank's liability?

(1 Marks)

- (a) When there is a court order restraining the bank from making the payment
- (b) When the bank has not exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of the death of the account holder, through appropriate documentary evidence
- (c) When the account was not opened with the survivorship clause
- (d) When the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the survivorship clause and the bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee

Q70. Which of the following best describes the relationship between the seven Ps in marketing effectiveness?

(1 Marks)

- (a) The Ps are unrelated to each other and only contribute to the effectiveness of individually
- (b) The Ps are interlinked and contribute to the effectiveness both individually and in an integrated way
- (c) The Ps are independent of each other and do not contribute to the effectiveness of marketing strategies
- (d) The Ps are interdependent, but their contribution to the effectiveness is minimal

Q71. Ms. Chetana is paying a home loan installment of ₹12,000 per year for a period of 6 years. What is the total amount she will have paid at the end of the loan period if the interest rate is 11% per annum?

(1 Marks)

- (a) ₹94,109
- (b) ₹94,910
- (c) ₹94,954
- (d) ₹95,909

Q72. Which among the following statements is/are correct in relation to the concept of "Technology and Retail Banking"?

- I. Globally, the retail banking sector relies heavily on technology as its fundamental cornerstone.
- II. Banks around the world embrace various technology platforms that align with international trends.
- III. Emerging private sector banks with a modern approach initially leveraged a single-server environment, granting them a competitive edge over their counterparts.
- IV. Public sector banks have revamped their technological endeavors by adopting core banking solutions, bringing customers and accounts together on a unified platform.

(1 Marks)

- (a) I, II, III, IV
- (b) II, III, and IV
- (c) I, III, and IV
- (d) I and II

Q73. Which of the following statements correctly describe important aspects of banking technology decisions?

- I. Hardware, software, and digital technologies for efficient operations, customer services, and secure transactions are vital. This includes ATMs, credit cards, internet banking, telebanking, and mobile banking.
- II. Advanced computer algorithms for marketing solutions, data warehousing, and data mining on customer data are part of the second dimension of banking technology.
- III. Risk management, involving the assessment, measurement, mitigation, and control of credit, market, and operational risks, is the third dimension of banking technology, ensuring bank stability and survival.

(1 Marks)

- (a) I and II
- (b) II and III
- (c) I and III
- (d) I, II, III

Q74. Which of the following statements accurately relates to the concepts of "Default" and "NPA (Non-Performing Asset)"?

- I. Default occurs due to non-payment of agreed installments.
- II. The severity of default can range from a simple overdue to the stage of NPA.

III. An increase in interest rates can lead to the repayment period remaining the same.

IV. If default continues for ninety days, the loan becomes NPA.

(1 Marks)

- (a) I and II
- (b) II and IV
- (c) I and III
- (d) I, II, IV

Q75. How do Management Information Systems (MIS) assist in decision-making processes and organizational control?

- I. Management Information Systems (MIS) offer real-time updates and support crisis management, enabling prompt actions.
- II. MIS establishes strict parameters for managers and decision-makers, constraining their flexibility.
- III. MIS predominantly depends on internal sources for data gathering and analysis.
- IV. MIS utilizes both intricate platforms and straightforward tools like Excel sheets for data organization.

(1 Marks)

- (a) I, II, IV
- (b) I, III, IV
- (c) II, III, IV
- (d) III and IV

Q76. In the realm of retail banking, in the year 2020, GreenHaven Bank is focused on enhancing its market position and attaining long-term growth. The bank's leadership recognizes the crucial role of strategic marketing in bolstering both profitability and customer contentment. As a retail banking entity, GreenHaven Bank is committed to executing a holistic marketing strategy to realize its objectives of growth and profitability. Which statement accurately reflects the principles outlined for their strategic marketing approach in the context of retail banking?

(2 Marks)

- (a) The bank aims to minimize customer interactions to reduce operational costs and enhance profitability.
- (b) The bank's focus is primarily on the expansion of its branch network to attract a broader customer base.
- (c) The bank's marketing strategy revolves around offering new and innovative products without assessing customer demand.
- (d) The bank is focused on identifying profitable markets, understanding customer needs, setting business development goals, and adapting to market changes.

Q77. Consider a scenario where a bank is in the process of setting up an inter-bank payment gateway for e-commerce settlements. The bank is required to ensure compliance with various regulations and security measures. Which of the following options accurately aligns with the RBI's guidelines for inter-bank payment gateways?

(2 Marks)

- (a) The bank must establish the connectivity between the gateway and the computer system of the member bank using the Internet to facilitate real-time transactions. Data encryption standards should be applied for security.
- (b) All types of payments, including credit card transactions and cross-border e-commerce payments, should be included for settlement through an inter-bank payment gateway to enhance transparency.
- (c) Bilateral contracts between the payee and payee's bank, participating banks, and the service provider are not necessary, as the RBI's guidelines only focus on security measures and not legal agreements.
- (d) Each inter-bank payment gateway should nominate a bank as the clearing bank for transaction settlements, with all settlements occurring intraday and preferably in real time. Data encryption must be employed via leased line network connections.

Q78. As the manager of a public sector bank branch in a semi-urban area, you're facing challenges with inconsistent service delivery among your staff, leading to a slight drop in customer satisfaction from 95% to 92%. Your goal is to improve service quality while maintaining the personalized and caring service your loyal customers value. You have until August 1 to implement a strategic plan. Given the specific factors affecting service delivery in public sector banks and the information provided, which of the following options would be the most effective strategy?

(2 Marks)

- (a) Implement a standardized training program across all branches, focusing on a technology-driven service delivery model similar to new private sector banks. Invest Rs.5,00,000 in this initiative, with the expectation of an immediate increase in customer satisfaction to 98% in the next quarter.
- (b) Develop a customized training program for your branch, highlighting a personal understanding of customer profiles and emphasizing the loyalty factor. Use Rs.50,000 from the local budget, aiming for a realistic improvement in customer satisfaction to 94% by the next quarter. Involve staff in sharing best practices specific to the semi-urban community.
- (c) Disregard the minor drop in customer satisfaction as a temporary fluctuation. Maintain existing practices without any changes, trusting that the personal understanding and loyalty factor of public sector bank customers in the semi-urban area will naturally restore satisfaction levels to 95%.

(d) Completely revamp the current service delivery model and adopt the strategic approach of new private sector banks. Invest Rs.1 million in a one-year project to implement this model across the region, with the expectation of a long-term increase in customer satisfaction to 96%, but risking the loss of a personal touch with customers.

Q79. Arpit, the CEO of BrightTech Inc., is considering implementing a new CRM (Customer Relationship Management) application. He wants to understand the potential impact of the application on the firm's relationship with customers. Sarah, a CRM expert, is presenting an overview of the system to Arpit. Which of the following statements best describes the impact of CRM applications on a firm's relationship with its customers?

(2 Marks)

- (a) They only help in initiating customer relationships, not maintenance or termination stages.
- (b) They provide timely order processing but don't affect morale or market share.
- (c) They enhance perceived quality, positively affect satisfaction, and assist across initiation, maintenance, and termination stages.
- (d) They solely focus on improving customer loyalty in banks and have no effect elsewhere.

Q80. In the new Ombudsman Scheme, who serves as the Appellate Authority responsible for reviewing decisions, considering that Mr. Sharma, a dissatisfied customer of XYZ Public Sector Bank, initially hesitated to file a complaint due to uncertainty about which Ombudsman scheme to choose and subsequently sent his complaint via email to the centralized Receipt and Processing Centre at RBI in Chandigarh, which processed the complaint before forwarding it to the bank?

(2 Marks)

- (a) The Principal Nodal Officer of the Public Sector Bank
- (b) The Executive Director in charge of the Consumer Education and Protection Department of RBI
- (c) The Regulated Entity involved in the complaint
- (d) The centralized Receipt and Processing Centre at RBI, Chandigarh

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Q81. What is the present value (PV) of an investment that matures to ₹1,61,000 after being invested for 5 years at an annual interest rate of 10%?

(1 Marks)

- (a) 99,968.33
- (b) ₹1,61,000
- (c) ₹10,000
- (d) ₹16,100

Q82. Marketing Information Systems (MKIS) play a significant role in helping a business entity tackle which of the following issues:

- I. Scarcity of relevant market information.
- II. Planning and executing pricing strategies.
- III. Evaluating and disseminating market information for decision-making.
- IV. Managing ongoing activities in a dynamic market environment.

(1 Marks)

- (a) I, II, and IV
- (b) II, III, and IV
- (c) III, IV
- (d) All the above

Q83. Who is wealth management typically suitable for?

(1 Marks)

- (a) Anyone regardless of their financial situation
- (b) High-net-worth individuals with diverse financial needs
- (c) Only those interested in retirement planning
- (d) Individuals with limited assets

Q84. Which of the following statements best captures the relationship between risk and the other three elements of investment—return, safety, and liquidity?

(1 Marks)

- (a) High risk in an investment is typically linked to high liquidity and low safety, without any connection to the expected return.
- (b) Risk has a detrimental effect on safety and return, but it positively affects liquidity.
- (c) Generally, high risk suggests the potential for high expected returns, but it doesn't guarantee safety or liquidity.
- (d) Risk and return tend to move together, while safety and liquidity move in the opposite direction to risk.

Q85. Complete the sentences related to the concept of "Financial Year and Assessment Year."

- I. Financial Year 2020-21 can also be termed as the ____ year 2020-21.
- II. The Assessment Year is the year that comes ____ after the Financial Year.
- III. Income of the Financial Year 2020-21 becomes taxable in Assessment Year ____.
- IV. For the purpose of income tax, the terms Financial Year and ____ year are used interchangeably.

(1 Marks)

- (a) Previous, right, 2021-22, preceding
- (b) Preceding, right, 2021-22, previous
- (c) Preceding, immediately, 2022-23, preceding
- (d) Previous, immediately, 2021-22, previous

Q86. Lately, both public and private Indian banks have shown a growing interest in engaging in "Para Banking" operations, which involve offering third-party financial products such as mutual funds and insurance. This shift in strategy is motivated by a goal to enhance customer service and diversify their sources of income. What are the reasons behind the participation of these banks, especially those in the public sector, in such activities, and how do regulatory directives influence this expansion?

(2 Marks)

- (a) Banks are exploring these activities to streamline their operations and minimize the need for extensive branch networks. Regulatory guidelines provide them with flexibility in this regard.
- (b) Banks are diversifying into Para Banking to capture the full spectrum of their customers' financial needs, going beyond traditional banking services. Regulatory guidelines delineate the permissible boundaries for such activities.
- (c) Banks are motivated to compete more effectively with foreign banks and new-generation private sector banks by embracing Para Banking. Regulatory guidelines are lenient for public sector banks in this endeavor.
- (d) Banks are attempting to completely eliminate regulatory restrictions imposed by the Reserve Bank of India to gain full autonomy in their operations.

Q87. When it comes to using land and buildings as collateral for a loan, which action is not typically one of the responsibilities of the bank branch?"

(1 Marks)

- (a) Sending the title deeds to a panel lawyer for furnishing legal opinion.
- (b) Ensuring that the boundaries of the plot are clearly marked as specified in the sale agreement.
- (c) Obtaining a report from the bank-approved valuer on the possibility of construction as per the submitted construction plan.
- (d) Facilitating a neighborhood consensus to agree upon the land valuation.

Q88. Tax benefits related to housing and housing finance are available under various sections of the Income-tax Act, of 1961. Which of the following statements are true regarding these tax deductions?

- I. Home loan interest payments qualify for a tax reduction according to section 80C.
- II. The principal amount repaid on home loans is tax-deductible under section 24.
- III. Individuals buying a home for the first time can obtain tax deductions as stipulated by section 80EE.
- IV. Deductions on interest accrued from housing loans can be applied to multiple income streams.

(1 Marks)

- (a) I, II, III
- (b) II, III, IV
- (c) I and IV
- (d) II and III

Q89. Read the following statements carefully.

Statement 1: In India, there are no regulatory frameworks governing the mortgage advice sector, allowing anyone to offer mortgage advice without needing a specific license or following a defined ethical code.

Statement 2: In the US, the activities of Mortgage Brokers are overseen through a detailed regulatory system that encompasses licensing, audits, and fines for failure to comply, requiring them to follow a specified code of conduct.

Which of the following options is correct?

(1 Marks)

- (a) Statement 1 is correct, and Statement 2 is incorrect.
- (b) Statement 1 is incorrect, and Statement 2 is correct.
- (c) Both the Statements are correct.
- (d) Both the Statements are incorrect.

Q90. Which of the following options most accurately delineates the distinction between "cost" and "value" when evaluating an asset?

(1 Marks)

- (a) Cost is the current worth of an asset, whereas value pertains to the prospective advantages the asset might bring in the future.
- (b) Cost is the total expenditure incurred in creating an asset, whereas value is derived from the anticipated future gains the asset will yield.
- (c) Cost and price are invariably the same, with value denoting the true worth of an asset.
- (d) Value invariably surpasses cost because it incorporates the profit margin of the manufacturer.

Q91. FUTURE FIRST FINANCIAL Bank offers various types of loans, and the quantum of loans is determined based on the product or the income of the individual. For loans for personal expenses, the quantum is expressed as 12 times the monthly income, while for vehicles, it is 4 times the annual income. Housing loans have a higher quantum, ranging from 48 to 60 times the monthly income. These multiples may vary from bank to bank. The margin required for the loan also varies depending on the type of loan, ranging from 15% to 30% of the value of the asset. Considering the case situation at FUTURE FIRST FINANCIAL Bank, what is the purpose of calculating the Fixed Obligation to Income Ratio (FOIR) for borrowers from the salaried class?

(2 Marks)

- (a) To determine the margin required for the loan based on the income of the individual.
- (b) To calculate the interest rate for the loan based on the income of the individual.
- (c) To ensure a minimum net take-home pay is maintained after loan repayment.
- (d) To assess the value of the asset offered as collateral for the loan.

Q92. NEXA TRUST Bank, a prominent player in the retail banking sector, is striving to fine-tune its marketing and sales strategies through better customer categorization. Through this initiative, the bank anticipates fostering heightened customer contentment and allegiance, which is foreseen to culminate in a rise in revenue streams. What would be the OPTIMAL strategy for NEXA TRUST Bank to realize its goals?

(2 Marks)

- (a) Segmenting customers based on their spending habits and providing personalized loan offers through various channels like mobile banking, internet banking, and phone banking.
- (b) Creating generic loan offers for all customers, regardless of their spending habits or preferences, and promoting them through physical branches only.
- (c) Implementing a one-size-fits-all marketing strategy for all customers, irrespective of their age, gender, or income.
- (d) Using demographic data like age and gender to identify potential loan customers without considering their spending patterns.

Q93. Mr. Patel is planning to apply for a car loan to purchase a new vehicle. He wants to check his credit score before approaching any lender. He goes to a Credit Information Company (CIC) to request his Free Full Credit Report (FFCR), which he is entitled to receive once a calendar year, as per the Reserve Bank of India's (RBI) guidelines. Mr. Patel received his credit report and is now aware of his creditworthiness. Which of the following statements is true regarding Mr. Patel's credit score?

(2 Marks)

- (a) Mr. Patel's credit score will be represented as a two-digit number, illustrating his financial responsibility, with possible scores spanning from 0 to 99.
- (b) Mr. Patel's credit score will be a three-digit figure, fluctuating between 300 and 900, indicative of the credit risk he represents in the context of securing a car loan.
- (c) Mr. Patel will be unable to access his credit score without incurring a fee, as the RBI's provision for complimentary comprehensive credit reports is exclusive to individuals with a record of mortgage or home loans.
- (d) The car dealership that Mr. Patel engages for his loan will be responsible for determining his credit score, a process grounded solely in his history with vehicle loans.

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Q94. Under the guidelines of the Income Tax Act of 1961, what mechanism should be adopted for the repayment when the total sum of all deposits set to be repayable post notification or after a specified period (encompassing matured term deposits) maintained by an individual alone or in conjunction with others at a bank branch amounts to ₹20,000 or above? Furthermore, what course of action should banks undertake in scenarios where term deposits reach maturity on weekends, holidays, or days the bank is closed?

(2 Marks)

- (a) Utilizing an A/c Payee Banker's Cheque/draft for repayment; while sustaining the initial agreed-upon interest rate on the principal deposit sum
- (b) Settling through cash payment; postponing the maturity date to the ensuing operational day
- (c) Facilitating repayment via electronic fund transfer; relinquishing the interest accrued during the interval days
- (d) Transferring the amount to the account; automatically renewing the deposit for a fixed term spanning one more year

Q95. Aarti, a resident of an urban area, comes from an economically weaker section (EWS) and dreams of owning her own house. She heard about the Pradhan Mantri Awas Yojana (Urban) Mission, which aims to provide housing for all in urban areas by 2022. Aarti wants to know if she is eligible for the Credit Linked Subsidy Scheme (CLSS) under this mission to get financial assistance for acquiring a new house. Is Aarti eligible for the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana (Urban) Mission?

(2 Marks)

- (a) Yes, Aarti is eligible for the CLSS under the Pradhan Mantri Awas Yojana (Urban) Mission as she belongs to the economically weaker section (EWS).
- (b) No, Aarti is not eligible for the CLSS under the Pradhan Mantri Awas Yojana (Urban) Mission as the scheme is only for the Middle Income Group (MIG) category.
- (c) Yes, Aarti is eligible for the CLSS under the Pradhan Mantri Awas Yojana (Urban) Mission, but she needs to apply before the scheme's last date, which is 31 March 2022.
- (d) No, Aarti is not eligible for the CLSS under the Pradhan Mantri Awas Yojana (Urban) Mission as the scheme only covers rural areas.

Q96. Aarush, a young professional, decided to explore the world of electronic payments and financial convenience. In the year 1980, the Central Bank of India introduced a pioneering credit card called the 'Central Card,' marking the inception of credit cards in India. As the years progressed, both credit cards and debit cards gained prominence as crucial instruments in the payment system. What was the significant change in the number of outstanding debit cards from March 2007 to March 2022?

(2 Marks)

- (a) The number of outstanding debit cards experienced a marginal decrease, indicating a shift in payment preferences.
- (b) The number of outstanding debit cards remained relatively stable, reflecting a consistent usage pattern.
- (c) The number of outstanding debit cards witnessed a remarkable surge, showcasing a substantial increase in adoption.
- (d) The number of outstanding debit cards doubled, indicating a significant growth in the cardholder base.

Q97. Encounter Alex, an eager learner with a keen interest in finance, who explores the development of remittance products in the sector of retail banking. Alex, a studious individual immersed in finance, uncovers the progressive changes in retail banking's remittance offerings. He gains insight into the shift from conventional tangible instruments to state-of-the-art digital remittance solutions. Given Alex's research and the details divulged regarding the progression of remittance products, which statement correctly articulates the central influence of technology in revolutionizing remittance processes and transactions in retail banking?

(2 Marks)

- (a) Remittance products like cheques and drafts are still predominant due to their efficiency and wide acceptance.
- (b) The introduction of technology in remittances primarily led to the decline in the usage of paper-based instruments for transactions.
- (c) The Indian banking system's vast network of branches played a minimal role in the development of electronic payment systems.
- (d) The use of paper-based instruments for transactions has significantly increased over the years, as they offer greater security and reliability.

Q98. ABC Bank, a leading retail bank, has embraced technology to enhance its services. They have implemented a robust IT infrastructure that enables instant updates to customers' checking accounts and facilitates quick stock transfers. However, this reliance on technology comes with its set of opportunities and challenges. ABC Bank has integrated technology into its operations to achieve instant updates to checking accounts and seamless stock transfers. What challenges might the bank's IT department face in this scenario?

(2 Marks)

- (a) Overseeing the networks of branch banks without assuming extra duties.
- (b) Making certain that there are no operations of account transaction applications between branch establishments and data hubs.
- (c) Eliminating the necessity for enhancing the efficiency of retail banking networks.
- (d) Surmounting hurdles in network administration and sustaining proficient functioning.

Q99. Meet Sarah, an individual with a profound understanding of technology, who is continuously moving and prioritizes ease and speed in handling her financial matters. Conversely, there is John, an industrious bank supervisor keen on refining client experiences and simplifying workflows. How is artificial intelligence reshaping the strategy of the banking sector towards client service and enterprise procedures?

(2 Marks)

(a) Disregarding contemporary layouts and technologies in designing bank branches, thus creating spaces that are less welcoming and interactive, and fall short in effectively drawing in and engaging customers.

(b) Concentrating on refining established banking services by curtailing operational expenditures, and laying stress on the provision of financial solutions and offerings tailored to individual needs.

(c) Abstaining from leveraging blockchain technology, and sticking to traditional practices for securing data and executing transactions, which cultivates a banking environment with diminished security and accountability.

(d) Facilitating effortless, 24/7 customer connections through the introduction of AI-driven chatbots, virtual aides, and automated client support systems, thereby guaranteeing uninterrupted exchanges irrespective of the hour or place.

Q100. What potential hazards are linked with the strategy of managing a retail asset portfolio?

I. The potential for higher profits and revenue generation.

II. The desire to diversify their business operations.

III. The need to attract more customers through retail lending.

IV. Risks such as the unsecured nature of retail assets and increasing delinquencies, can impact the banks' financial stability.

(1 Marks)

(a) I and II

(b) III and IV

(c) I, II, and III

(d) I, II, III, IV

Solutions

S1. Ans.(c)

Sol. Retail banking involves providing banking products and services to individual customers, primarily for non-entrepreneurial purposes. It includes both liability and asset products, such as deposits, loans, mortgages, credit cards, depository services, para-banking products, and services like insurance and capital market products.

S2. Ans.(a)

Sol. A banking model focused on investment banking and corporate capital raising describes investment banking, not retail banking. Investment banking is involved in helping corporations and governments raise capital through the issuance of stocks and bonds, among other activities, which is distinctly different from retail banking's focus on individual customers.

S3. Ans.(c)

Sol. An efficient delivery mechanism can ensure that banking services are delivered quickly, securely, and reliably, which can significantly enhance customer satisfaction and trust in the banking institution, making it a crucial factor in the success of retail banking. The most important factor that can fundamentally impact success is having an "efficient delivery mechanism". Without efficiency in service delivery, even the presence of a wide variety of services and products can fail to retain customers.

S4. Ans.(b)

Sol. Partnering with big tech companies can allow banks and financial institutions to leverage the tech companies' technological advancements, user-friendly platforms, and large customer bases. Collaborative efforts can lead to the development of innovative financial products and services, benefiting both parties and the consumers.

S5. Ans.(c)

Sol. The Code of Bank's Commitment aims to set **minimum** standards in member banks' dealings with customers.

S6. Ans.(d)

Sol. Verifying the property documents and conducting site visits are important steps in due diligence for loan processing. This helps the bank to ensure that the property offered as collateral is genuine and has a clear title. The bank appoints a valuer to determine the value of the property and conducts a title investigation to ensure that there are no legal encumbrances on the property.

S7. Ans.(b)

Sol. It is a contract between the insurance company and the insured person to cover the medical issues that might arise from illness, accidental injuries, surgeries, and other medical complications appears to correctly describe health insurance policies, which often cover a range of medical expenses arising from various health-related issues, including illnesses, accidental injuries, and surgeries. The term "medicostcost" seems to be a typo and should be read as "medical costs."

S8. Ans.(a)

Sol. Sales and trading groups within investment banking are involved in buying and selling financial instruments, both on behalf of clients (acting as agents) and for the firm itself (trading the firm's capital). This group operates on the trading floor and is engaged with market-making and facilitating clients' transactions in various financial products.

S9. Ans.(d)

Sol. Contact center automation is designed to reduce tedious aspects of a contact center agent's job, such as handling customer requests and information dissemination. Various software tools that integrate with the agent's desktop tools can handle customer requests to cut down the time of calls and simplify customer service processes.

S10. Ans.(a)

Sol. "On-site" and "off-site" ATMs are common classifications used in the banking industry. On-site ATMs are located at the bank premises, providing customers with the convenience of conducting transactions as they visit the bank. Off-site ATMs, on the other hand, are located at various locations other than the bank premises, providing access to banking services in shopping centers, airports, etc. This classification pertains directly to the positioning of the ATMs and is generally recognized in the industry.

S11. Ans.(d)

Sol. Banks are prohibited from offering certain services like insurance and mutual funds schemes on their own because of regulatory restrictions. These restrictions are in place to ensure that banks do not engage in activities that could pose risks to their stability and the safety of depositors' funds.

S12. Ans.(d)

Sol. The Integrated Ombudsman Scheme 2021 is designed to simplify the complaint process for consumers and citizens. By defining a clear ground for filing complaints, eliminating the need to identify specific ombudsman schemes, and doing away with jurisdictional boundaries, it aims to provide a more streamlined, efficient, and user-friendly platform for addressing grievances.

S13. Ans.(b)

Sol. A portfolio manager is a licensed investment professional who specializes in analyzing the investment objectives of the investor and has a vast knowledge of various instruments in the market. They are better positioned to make informed decisions for investments in securities as opposed to a layman.

S14. Ans.(b)

Sol. Effective CRM solutions can improve the quality of employee output, which would increase employee productivity and value in terms of marketing and cross-selling opportunities, better business values, and volumes. In turn, this would lead to per-customer profitability, making customers avail of the maximum number of products and services, thereby increasing customer value.

S15. Ans.(c)

Sol. The objective of a good CRM initiative is to build long-term profitable relationships with specific customers through a better understanding of the customers to develop close relationships, offer optimal products and services on a dynamic basis, and achieve lifetime value from customers.

S16. Ans.(a)

Sol. Factors such as spending habits, frequency, and capacity can be used for market segmentation in retail banking. Other factors such as physical location, marital status, number of children, ethnicity, and religious beliefs may not be relevant or appropriate for market segmentation in this context.

S17. Ans.(d)

Sol. Interval Funds and Fixed Maturity Plans (FMPs) have in common the fact that investors' money remains invested for a fixed tenure, and the investment cannot be redeemed before maturity. The fund manager of these funds is better positioned to utilize the investments by allocating them in securities for a tenure that matches the fund's maturity, which can lead to better returns.

S18. Ans.(b)

Sol. A market where banks compete to attract new customers describes a buyer's market in banking services. In a buyer's market, there is competition among banks to attract customers, who benefit from a wider range of choices, potentially better service offerings, and competitive pricing.

S19. Ans.(b)

Sol. The movement of banking services to electronic delivery would result in a reduction of geographic barriers as it makes banking services accessible from any location with internet connectivity. As for the commoditization of non-financial products, while it's less directly related to electronic banking, the ease of online comparison and purchase might lead to a greater commoditization of various products, including non-financial ones.

S20. Ans.(b)

Sol. BCSBI doesn't involve itself in individual grievance redressal directly; rather, it sets standards for banks to follow to provide better service to customers. BCSBI does help in improving customer services by setting standards, it doesn't provide direct training to bank employees to handle individual grievances. BCSBI is not involved in research to resolve individual grievances. It works more on a policy level, establishing codes and standards for banks to adhere to in order to maintain a high standard of customer service.

S21. Ans.(c)

Sol. Maintaining extensive branch networks incurs significant operational expenses for banks. Handling numerous low-value transactions, while essential, can be resource-intensive and costly due to manual processing and administrative efforts. Optimizing these processes through digital solutions and self-service options can mitigate costs and enhance operational efficiency.

S22. Ans.(c)

Sol. The business models for retail banking vary among different types of banks. The models and processes adopted by banks for retail banking indeed depend on the importance attached to the retail banking space in their overall corporate business strategies. The main approaches for retail banking, namely Strategic Business Unit (SBU) Approach, Departmental Approach, and Integrated Approach.

S23. Ans.(b)

Sol. Most PSBs offer standard Savings Bank accounts with ATM/Debit Cards, while some banks also provide sweep facilities, add-on life/health cover, and Super Savings Accounts for high-value customers. Current accounts typically include the mentioned facilities along with fixed overdraft options. Old private sector banks offer add-on life cover in addition to standard savings accounts, while new-generation private sector banks and foreign banks provide a comprehensive range of products and facilities including those offered by PSBs.

S24. Ans.(b)

Sol. Business realignment involves shifting focus from high-margin business lines to more cost-effective ones, aiming to boost bank profitability. This strategy seeks to optimize resources and operations, enhancing financial outcomes by aligning the bank's activities with sustainable cost-efficiency rather than relying solely on high margins.

S25. Ans.(d)

Sol. All four factors - Competence, Courtesy, Credibility, and Security - are indeed associated with service assurance. They collectively represent essential elements in ensuring the quality, reliability, and trustworthiness of services offered by a service provider, making none of them exclusionary.

S26. Ans.(d)

Sol. Interest payment on current accounts is prohibited by RBI unless authorized by RBI beforehand. Depositing third-party cheques and endorsed cheques in the current account is allowed for collection and credit, with specific conditions. There are generally no limitations on the number and amount of withdrawals from the account, except in certain situations. Overdraft facilities can be availed with prior arrangements.

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S27. Ans.(b)

Sol. Factors that lead to favorable credit scores include steering clear of excessive borrowing and overextension, as well as preserving strong financial documentation. On the other hand, irregularly settling credit card debts and choosing to make only minimum payments are behaviors that can negatively impact one's credit score.

S28. Ans.(a)

Sol. Saving accounts promote a savings habit for individuals with fixed incomes. Depositors can earn interest income through their savings accounts. Cheques can be issued from saving accounts for making payments. The savings account statement reflects the income earned during the year. The passbook serves as proof of identity and residence for the account holder.

S29. Ans.(d)

Sol. The steps involved are: (correct it)

- i. Process the application.
- ii. Do the verification checks.
- iii. Arrive at the Credit Score.
- iv. Do the valuation through the panel valuer.

S30. Ans.(b)

Sol.

S. No.	Type of facility/Penalty	Charges
1.	Cash Advance Transaction Fee	2.5% (Min. ₹300) of the cash amount
2.	Card Replacement (lost/stolen/re-issue/any other)	₹100/₹250 depending on the card
3.	Overdue Penalty/Late Payment Fee	15% of Total Amount Due (Min. ₹350, Max. ₹750)
4.	Over Limit Penalty	₹600/-
5.	Cheque Return/Dishonour Fee	₹500/-

S31. Ans.(b)

Sol. Many banks would consider a score over 700 to be good, offering favorable terms to individuals with scores in this range. It should be noted that different banks might have slightly different criteria, and what is considered a "good" score can vary slightly from lender to lender. It is always better to have a higher score, as it provides more options and better terms.

S32. Ans.(b)

Sol. Section 17 of the Credit Information Companies (Regulation) Act, 2005 stipulates that Credit Information Companies (CICs) can seek and obtain credit information from their members only. CICs are authorized to collect and maintain credit information from financial institutions and other entities that are their members, but they cannot obtain credit information from just anyone or government agencies.

S33. Ans.(a)

Sol. Maintaining financial discipline and repaying dues on time is indeed a crucial step towards improving one's credit score. Timely repayment of loans and credit card dues positively affects the credit score. Seeking frequent credit lines can potentially harm your credit score, as it might indicate to credit bureaus that you are constantly in need of credit, which can be seen as a sign of financial instability. This strategy is generally not recommended for improving your credit score.

S34. Ans.(d)

Sol. The risk of capital loss if the market price of gold declines is indeed a significant risk associated with investing in SGBs. The value of these bonds is tied to the market price of gold. If the market price of gold declines, then the value of the bonds will also decline, leading to a potential capital loss for the investor when they redeem the bonds or sell them in the secondary market. Hence, investors are exposed to price fluctuations in the gold market

S35. Ans.(c)

Sol. PMS offers a higher degree of **customization** tailored specifically to the goals of an investor. Mutual funds, on the other hand, offer customization to the extent of the classification and diversity of the fund.

S36. Ans.(a)

Sol. Credit risk, Liquidity risk, Market risk, and Operational risk are the primary types of risks that banks actively manage. Credit risk involves the potential default of borrowers, liquidity risk pertains to the bank's ability to meet its short-term financial demands, market risk involves potential losses from adverse changes in market conditions, and operational risk is associated with potential losses from inadequate or failed internal processes, systems, or people.

S37. Ans.(c)

Sol. RuPay Select card is different from previous offerings as it is independent of issuing bank that forms partnerships with various businesses to provide card-specific benefits. All the benefits are curated under one package, independent of bank partnerships, to stop customers from applying for multiple card schemes.

S38. Ans.(c)

Sol. An act to create a robust payment and settlement infrastructure in India correctly describes the central purpose of the Payment and Settlement Systems Act of 2007. The act was enacted to provide a legal framework for payment and settlement systems in India, to ensure that these systems operate in a safe, secure, and efficient manner, and to foster the development of a more robust payment infrastructure in the country.

S39. Ans.(d)

Sol. Financial year is the year in which income is earned and assessment year is the year in which income is assessed to tax and all taxes are paid & tax returns filed. It accurately describes the roles of both terms: the financial year being the period in which you earn the income, and the assessment year being the subsequent year in which this income is assessed for tax purposes, and during which you file your tax returns and pay any tax due on income earned in the financial year.

S40. Ans.(b)

Sol. J2EE and .NET are more comprehensive options as they are frameworks that include the necessary libraries and functionalities to build robust solutions, including an alerts solution. J2EE is a Java platform that leverages the Java programming language, and .NET can use several languages including C#. They provide a rich set of features that can facilitate the development of a comprehensive alerts solution.

S41. Ans.(c)

Sol. Building new coal-fired power plants contradicts the principles of the integrated approach for sustainable energy solutions. This approach emphasizes the adoption of renewable energy sources and energy efficiency measures to reduce environmental impact and promote sustainability.

S42. Ans.(b)

Sol. One of the key objectives for banks in offering a wide range of financial services beyond liability and asset products is to augment fee-based income. By providing services such as credit cards, internet banking, wealth management, and more, banks can generate attractive revenues through fees. This helps increase their profitability and diversify their revenue streams beyond traditional banking products. While enhancing customer experience and expanding market presence may be secondary benefits, the primary objective is to boost profitability through fee-based services.

S43. Ans.(b)

Sol. The formula for calculating the future value of an investment with compound interest is:

$$A = P(1 + r/100)^n$$

Where:

A = Future value of the investment

P = Principal amount (initial investment)

r = Annual interest rate

n = Number of years

In this case:

$$P = ₹100$$

$$r = 5\% \text{ per annum}$$

$$n = 3 \text{ years}$$

$$A = 100(1 + 5/100)^3$$

$$A = 100(1 + 0.05)^3$$

$$A = 100(1.05)^3$$

$$A = 100 \times 1.157$$

$$A = 115.76$$

S44. Ans.(a)

Sol. In the research, the quality of customer service in banks was assessed using Key Performance Indicators (KPIs) and contrasted with industry standards. Satisfaction was measured considering factors like General Dissatisfaction, Complaints, and Lack of Loyalty. The banking sector received positive feedback, with over 80% satisfaction across three product categories. About 90% of customers with Savings Accounts and Home Loans expressed high trust in their banks, though Credit Card users showed lesser satisfaction. Private Banks dominated in Savings and Credit Cards, whereas Public Banks shined in Home Loans, and International Banks stood out in both Home Loans and Credit Cards.

S45. Ans.(a)

Sol. A term deposit is a fixed-term savings account where funds are held for a specified duration and can only be withdrawn once the agreed period ends. Unlike deposits with withdrawal notice, term deposits have a predetermined maturity date. This arrangement offers stability and potentially higher interest rates, encouraging long-term savings.

S46. Ans.(b)

Sol. The term "holistic approach" in the context of marketing effectiveness refers to considering all the seven Ps in the marketing mix. This means that all the elements of the marketing mix are important for marketing effectiveness and should be considered together in developing marketing strategies.

S47. Ans.(a)

Sol. While a data warehouse can be used for many purposes, its primary function is to serve as a central repository for all of an organization's data, including customer information. This allows for easier access and analysis of the data, which can then be used to support sales and service staff, develop marketing plans, and conduct real-time data mining.

S48. Ans.(c)

Sol. Private Wealth Management provides a full assortment of financial products and services to a well-heeled client as a financial consultant so that the clients can attain specific financial goals. This implies that the clients of Private Wealth Management are individuals with high net worth who can afford the services of a financial consultant.

S49. Ans.(d)

Sol. Wealth managers using a relationship-based approach would indeed focus on a collaborative, consultative relationship where there is a healthy exchange of ideas and information to develop financial strategies that best suit the client's individual needs and goals. Using financial jargon to impress clients does not necessarily facilitate a relationship-based approach. It might even hinder it, as it can create barriers to understanding and trust if clients do not fully grasp the terminology used.

S50. Ans.(a)

Sol. When a person dies intestate, which means without leaving a will, their assets are generally distributed among their legal heirs according to the laws of intestate succession. In India, the distribution would generally be governed by the Hindu Succession Act for Hindus, and other personal laws or the Indian Succession Act for people of other religions.

S51. Ans.(c)

Sol. Wealth management products and services offered by professionals include Alternative Asset, Bonds, Corporate Fixed Deposits, Fixed Maturity Plans & Debentures, Insurance, Mutual Funds, Systematic Investment Plans, Portfolio Management Services, Real Estate Services, Retirement Planning, Strategic Business Strategies, and Will Writing.

S52. Ans.(b)

Sol. Wealth management is an investment advisory service that is designed to meet the needs of affluent clients. It combines a range of financial services such as investment planning, accounting, tax planning, estate planning, and retirement planning to create a personalized strategy for the client.

S53. Ans.(d)

Sol. 'Process' refers to the series of actions, operations, and procedures involved in the creation and delivery of products and services. It entails not only the steps taken to provide services but also the customer experience and the mechanisms put in place to ensure efficient and effective service delivery.

S54. Ans.(b)

Sol. Profit is an absolute figure that represents the net income generated by a business, while profitability is a relative measure that helps to assess the efficiency of a business in generating profit, often expressed as a ratio or percentage, such as profit margin. Profit is the amount of income that remains after deducting all costs and expenses from the revenue.

S55. Ans.(b)

Sol. Branch transactions infuse a sense of confidence in customers are often true for many customers, especially those who are not comfortable with digital platforms or want to have a face-to-face interaction to ensure the security and authenticity of the transactions. Being able to speak to a bank representative in person can instill a higher level of trust and confidence.

S56. Ans.(a)

Sol. To find the future value of the investment, we use the future value formula:

$$FV = PV(1+r)^t$$

where:

FV is the future value

P is the principal amount (the initial amount of money)

r is the annual interest rate

t is the time in years

Substituting the given values, we get:

$$FV = 5000(1+0.03)^{10}$$

$$FV = 5000(1.03)^{10}$$

Using this expression, we calculate the future value:

$$FV \approx 5000 \times 1.34392$$

$$FV \approx 6719.6$$

S57. Ans.(a)

Sol. Bank A, upon assessing Mr. Anish's credit score and noticing a past loan default, is likely to adjust the interest rate to reflect the increased credit risk associated with his history of default. This is a common practice in lending, where interest rates are often tailored to an individual's creditworthiness to mitigate potential losses for the bank.

S58. Ans.(b)

Sol. Banks are considered the safest institution for mobilizing people's savings and enjoying their trust. This trust enables banks to attract deposits at relatively cheaper rates compared to other financial intermediaries. Therefore, banks have an advantage over others when it comes to mobilizing people's savings.

S59. Ans.(b)

Sol. As per RBI guidelines and most bank policies in India, individuals who already own a house in their current town of residence may not be eligible for a home loan to purchase a second house for self-occupation unless there are specific circumstances or government schemes that allow for such loans. Typically, banks are cautious about providing loans for second homes when the applicant already owns a property in the same town.

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S60. Ans.(c)

Sol. In the early 1900s, specific oil firms and retail outlets introduced exclusive cards, mirroring Lisa's supermarket loyalty card experience, which offers points and discounts to encourage repeat shopping. The primary purpose was to foster customer loyalty and bolster brand image by providing tailored benefits.

S61. Ans.(a)

Sol. This strategy indeed facilitates better customer care by providing customers with the convenience of servicing themselves without having to wait for assistance. It can also lead to a reduction in operational costs as it decreases the workload on customer service representatives. Utilizing demographic variables can indeed help in personalizing services and possibly improving customer care, but it doesn't inherently lead to a reduction in operational costs. It might even increase costs associated with data analysis and marketing.

S62. Ans.(b)

Sol. Tax deducted at source refers to the practice where the tax is deducted at the source of income itself. In many jurisdictions, this is a means to collect tax at the point of generation of income rather than at a later date. It helps in reducing tax evasion and ensures a steady flow of revenue for the government.

S63. Ans.(c)

Sol. The reason why the principal component increases and the interest component decreases in the EMI model of loan repayment is that the interest is calculated on the outstanding principal amount. As the repayment progresses, the outstanding principal amount reduces, and hence the interest charges also decrease.

S64. Ans.(c)

Sol. The popularity of electronic payment products in the Indian banking system is due to the introduction of newer, speedier, and innovative remittance products in retail banking. The Reserve Bank of India (RBI) has taken initiatives to develop safe and efficient modes of payment systems to meet the requirements of the public at large.

S65. Ans.(c)

Sol. In banking, Direct Selling Agents (DSAs) are typically third-party agencies or individuals that banks engage to help them acquire new customers and sell banking products and services. DSAs are responsible for sourcing business, such as loan applications or new account openings, and they often complete the initial formalities required to onboard customers. They work on a commission or fee basis and play a crucial role in expanding a bank's customer base and product sales.

S66. Ans.(d)

Sol. The Reserve Bank of India (RBI) introduced guidelines on the Co-Lending Model with the objective of improving the flow of credit to the unserved and underserved sectors of the economy. This model encourages banks and non-banking finance companies (NBFCs) to collaborate and co-lend to various sectors, especially to those that may have limited access to formal credit channels. It aims to make credit more accessible and affordable to a broader segment of the population and support economic growth in India.

S67. Ans.(b)

Sol. A good MKIS should satisfy certain basic requirements like a unified and centralized system, a support system for marketing decision-makers, matching with the level of progress of the organization, being cost-effective in maintaining, selective in information processing, and providing information regularly and quickly.

S68. Ans.(c)

Sol. Multiple comfort factors make retail banking an attractive business model for banks in India, including the acquisition of a huge customer base, multiple product offerings, better pricing and profitability, scope for cross-selling and up-selling financial and beyond financial products for increased customer revenue, and better risk proposition.

S69. Ans.(d)

Sol. The payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder is considered a valid discharge of the bank's liability when the depositor utilized the nomination facility and made a valid nomination or where the account was opened with the survivorship clause and the bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of the death of the account holder, through appropriate documentary evidence.

S70. Ans.(b)

Sol. In marketing, the seven Ps (Product, Price, Place, Promotion, People, Processes, and Physical Evidence) are interrelated and work together to create an effective marketing strategy. They are not isolated elements but rather components that influence and impact each other. An effective marketing strategy considers how these Ps interact and complement one another to achieve the desired marketing goals and overall effectiveness.

S71. Ans (c)

Sol. To calculate the total amount Ms. Chetana paid at the end of the loan period, we can use the future value of an annuity formula:

Future Value = Payment Amount \times [(1 + Interest Rate)^{Number of Periods - 1}] / Interest Rate

In this case:

Payment Amount = ₹12,000 per year

Interest Rate = 11% per annum

Number of Periods = 6 years

Future Value = ₹12,000 \times [(1 + 0.11)⁶ - 1] / 0.11

Future Value = 94,954

S72. Ans.(a)

Sol. Technology is the foundation on which the retail banking edifice is built across the globe. Banks adopt different technology platforms in line with global trends. New-generation private sector banks started with a technology advantage of a single server environment which gave them an advantage over other banks. PSB banks have re-engineered their technology initiatives and implemented core banking solutions, networking the customers and accounts on a single platform.

S73. Ans.(d)

Sol. Banking Technology involves hardware, software, and advanced information technologies for efficient business operations, customer services, and secure transactions, including ATMs, credit cards, Internet banking, telebanking, and mobile banking. The second aspect of Banking Technology utilizes sophisticated computer algorithms to address marketing challenges, establishes data warehousing, and conducts data mining on customer data. The third facet of Banking Technology involves risk management, encompassing the assessment, measurement, mitigation, and control of credit, market, and operational risks to ensure the stability and continuity of banks.

S74. Ans.(d)

Sol. Default happens when the borrower fails to make the agreed-upon payments for the loan installments. The seriousness of default can vary, ranging from missed payments to reaching the status of Non-Performing Asset (NPA). When payments are overdue for a period of ninety days or more, the loan is categorized as a Non-Performing Asset (NPA). An increase in interest rates generally means that, unless the monthly payment increases, the repayment period will extend.

S75. Ans.(b)

Sol. Management Information Systems (MIS) offer real-time updates and support crisis management, enabling prompt actions. MIS predominantly depends on internal sources for data gathering and analysis. MIS utilizes both intricate platforms and straightforward tools like Excel sheets for data organization. While MIS provides data and structured information to assist decision-making, it does not necessarily constrain flexibility.

S76. Ans.(d)

Sol. The proactive nature of strategic marketing, which emphasizes building customer relationships and delivering value. While expanding the branch network can be part of a marketing strategy, it is not the sole focus of strategic marketing. Offering new products without assessing customer demand is not in line with the customer-centric approach advocated identifying profitable markets, assessing customer needs, setting business development goals, and adapting to market changes as part of a well-rounded marketing strategy in the context of retail banking.

S77. Ans.(d)

Sol. The guidelines highlight the importance of nominating a clearing bank, ensuring intraday settlements in real time, and emphasizing data encryption using leased line networks. These measures are designed to bolster security and efficiency in the e-commerce settlement process.

S78. Ans.(b)

Sol. Localized approach reflecting the emphasis on personalized service and loyalty that characterizes public sector banking in semi-urban areas. It also sets a realistic target and involves a community-oriented approach without drastically changing the existing model or risking the loss of personalized service. The investment amount is aligned with the scale of the problem, and the timing fits the deadline for implementing the strategic plan.

S79. Ans.(c)

Sol. The broad impact of CRM applications on various aspects of a business, including customer relationships, quality perception, and satisfaction. CRM applications allow companies to handle customer orders and requests promptly and accurately, and they facilitate the continual oversight of customer accounts.

S80. Ans.(b)

Sol. The Executive Director in charge of the Consumer Education and Protection Department of the RBI would serve as the Appellate Authority under the new Ombudsman Scheme. Therefore, if Mr. Sharma or the bank wants to appeal the Ombudsman's decision, they would have to approach this Appellate Authority.

S81. Ans.(a)

Sol.

To find the present value (PV), you can use the formula: $PV = FV / (1+r)^n$

Where:

FV is the future value (₹1,61,000 in this case).

r is the annual interest rate (10% or 0.10 as a decimal).

n is the number of years (5 years).

Plug in these values into the formula: $PV = 1,61,000 / (1+0.10)^5$

Calculate the denominator first: $PV = 1,61,000 / (1.10)^5$

$PV = 1,61,000 / 1.61051$

Now, calculate the PV: $PV \approx ₹99,968.33$

S82. Ans.(b)

Sol. The main issue today is not the scarcity of information, but rather the oversupply of information that may not be accurate or relevant. The importance of MKIS in planning and executing pricing strategies, evaluating and disseminating market information for decision-making, and managing ongoing activities in a dynamic market environment.

S83. Ans.(b)

Sol. Wealth management services are typically suitable for high-net-worth individuals who have diverse financial needs and require a comprehensive and tailored approach to managing their wealth. It may not be necessary for individuals with limited assets or simpler financial situations.

S84. Ans.(c)

Sol. Risk is a basic attribute of investment and more risk normally corresponds to more expected return ("More the risk, normally more is the expected return"). Safety involves getting back the original principal with no loss, and liquidity refers to the ease of selling the investment without incurring much cost. These elements are not directly tied to risk.

S85. Ans.(d)

Sol. The Financial Year 2020-21 can also be termed as the **previous** year 2020-21.

The Assessment Year is the year that comes **immediately** after the Financial Year.

Income of the Financial Year 2020-21 becomes taxable in Assessment Year **2021-22**.

For the purpose of income tax, the terms Financial Year and **previous** year are used interchangeably.

S86. Ans.(b)

Sol. The core incentive for banks to diversify into Para Banking operations - to meet a broader range of their customer's financial needs, which includes services that go beyond traditional banking services. Regulatory directives play a crucial role in this context, setting the allowable boundaries for such activities to ensure they align with the financial regulations and norms of the banking sector.

S87. Ans.(d)

Sol. Various steps and checks that a branch must perform in the process of loan approval where land and buildings serve as the security assets. Sending title deeds to a panel lawyer for a legal opinion, checking the clarity of demarcation of plot boundaries as specified in the sale agreement, and obtaining a valuer's report on the viability of construction as per the plan submitted.

S88. Ans.(d)

Sol. Home loan interest payments qualify for a tax deduction under section 24(b) and not under section 80C. Deductions on interest accrued from housing loans are generally not applied to multiple income streams. These deductions are usually claimed by the individual who has taken the housing loan and is repaying it.

S89. Ans.(b)

Sol. While India may not have as rigorous a regulatory environment as the US when it comes to mortgage advice, it's not accurate to say that there's no regulatory framework at all. The Reserve Bank of India (RBI) and the National Housing Bank (NHB) do have regulations that cover housing finance companies. In the US, there is indeed a detailed regulatory framework for mortgage brokers. The Safe and Fair Enforcement for Mortgage Licensing (SAFE) Act requires mortgage loan originators to be licensed and registered, and there are audits, fines, and specified codes of conduct.

S90. Ans.(b)

Sol. The worth or value of a property is based on the income and other advantages that will accrue from the property in the future," and "cost refers to the actual amount spent in producing an asset." Price and price are not necessarily equal to value." Therefore, it is not accurate to state that price and cost are always equivalent. Cost is related to the past while value refers to the future.

S91. Ans.(c)

Sol. The Fixed Obligation to Income Ratio (FOIR) is calculated to ensure that borrowers from the salaried class do not end up with an excessively high portion of their income committed to loan repayments. It helps in assessing whether the borrower will have sufficient net take-home pay after loan repayment, considering their existing fixed financial obligations. This ensures that the borrower can comfortably manage their financial responsibilities without being financially strained.

S92. Ans.(a)

Sol. Customer segmentation based on spending habits allows the bank to identify specific customer needs and preferences. By offering personalized loan offers through mobile banking, internet banking, and phone banking channels, the bank can provide tailored solutions, leading to better customer satisfaction and improved marketing and sales outcomes.

S93. Ans.(b)

Sol. credit score is a statistical analysis of a person's past credit dealings, representing their credit discipline. It is assessed based on various credit products, including home loans, auto loans, credit cards, personal loans, and overdrafts. A credit score is a 3-digit number that ranges from 300 to 900, reflecting the amount of risk the individual brings to a specific transaction.

S94. Ans.(a)

Sol. As per the Income Tax Act, when the aggregate amount of deposits held by a person is ₹20,000 or more, the repayment should be made through an A/c Payee Banker's Cheque/draft

or by crediting the depositor's account. In case of term deposits maturing on weekends, holidays, or non-business working days, banks should pay interest at the originally contracted rate on the original principal deposit amount for the intervening days between the maturity date and the next working day when the payment is made.

S95. Ans.(a)

Sol. Aarti is eligible for the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana (Urban) Mission as she belongs to the economically weaker section (EWS). The scheme covers the Economically Weaker Section (EWS), Low Income Group (LIG), and Middle Income Group (MIG) categories. Aarti can avail of the scheme benefits to get financial assistance for acquiring a new house as per the guidelines of the mission.

S96. Ans.(c)

Sol. The rise in outstanding debit cards from March 2007 to March 2022 can be attributed to several factors. India witnessed initiatives like Digital India and Pradhan Mantri Jan Dhan Yojana, which promoted digital transactions and broader bank account penetration. These efforts, coupled with the public's growing comfort with electronic payments and the banking sector's push towards digitization, have led to a substantial surge in debit card adoption over the 15-year span.

S97. Ans.(b)

Sol. The transformation from traditional instruments to innovative electronic remittance products indicated a decline in the usage of paper-based instruments. the impact of technology on remittance mechanisms, leading to a shift from paper-based instruments like cheques and drafts towards electronic methods. the vast network of branches in the Indian banking system in developing efficient payment systems, but it doesn't minimize the role of technology.

S98. Ans.(d)

Sol. while technology offers opportunities like instant updates and efficient stock transfers, it also presents challenges. ABC Bank's IT department must manage and optimize the performance of their retail banking networks, ensuring that account transaction applications run efficiently between branch offices and data centers.

S99. Ans.(d)

Sol. Implementing AI-driven chatbots, virtual assistants, and automated customer support to enable effortless and continuous client interactions. This ensures seamless engagement anytime and anywhere, enhancing customer experience and service accessibility. Humanoid chatbot interfaces offer a means to enhance efficiency and cut costs in customer interactions.

S100. Ans.(d)

Sol. Banks expand retail assets to drive revenue and capitalize on a diverse customer base, particularly observed in new-generation private sector banks. However, there are inherent risks, including:

1. The potential for higher profits and revenue generation.
2. The desire to diversify their business operations.
3. The need to attract more customers through retail lending.
4. Risks such as the unsecured nature of retail assets and increasing delinquencies, can impact the banks' financial stability.

