



Dream Big Institution

No. 1 Platform For Preparation of Govt Exams

May 2023

(Memory Based Paper)

**Retail Banking
&
Wealth Management**



- Q1.** What distinguishes convertible bonds from conventional bonds is a matter of interest to a potential investor.
- (A) Convertible bonds offer more attractive interest rates.
 - (B) Convertible bonds have a fixed maturity date.
 - (C) Convertible bonds have the option to be converted into equity shares.
 - (D) Convertible bonds are issued by companies having high credit ratings.
- Q2.** The term "Artificial Intelligence" (AI) is credited to who coined it in 1955.
- (A) Alan Turing
 - (B) John McCarthy
 - (C) Elon Musk
 - (D) Steve Jobs
- Q3.** A customer wants to open a Small Saving Account and is inquiring about a distinctive aspect of this account type. What is a unique feature of this type of account?
- (A) High-interest rates
 - (B) No limit on Credits
 - (C) Limited withdrawals
 - (D) Monthly maintenance fees
- Q4.** Which among the following documents is NOT considered an Officially Valid document according to RBI guidelines?
- (A) Aadhar Card
 - (B) Passport
 - (C) Voter ID Card
 - (D) None of the above
- Q5.** Credit score above is considered good by banks.
- (A) 500
 - (B) 600
 - (C) 700
 - (D) 800
- Q6.** What is the Loan-to-Value (LTV) ratio for Housing Loans exceeding Rs. 75 lakhs?
- (A) 90%
 - (B) 80%
 - (C) 75%
 - (D) 70%
- Q7.** The primary purpose of establishing Strategic Business Units (SBUs) in a large bank is:
- (A) Increase employee engagement
 - (B) Enhance customer service
 - (C) Improve efficiency in operations
 - (D) Facilitate focused management and decision-making



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- Q8.** If a Direct Selling Agent (DSA) utilizes a customer's check for withdrawal without the appropriate authorization, who bears responsibility for reimbursing the customer?
- (A) DSA
 - (B) Customer
 - (C) Bank
 - (D) Branch Manager
- Q9.** The primary purpose of checking a customer's CIBIL score during the loan approval process is:
- (A) To verify the customer's identity
 - (B) To assess the customer's creditworthiness
 - (C) To confirm the customer's employment status
 - (D) To determine the customer's residence address
- Q10.** Which of the following organizations is NOT classified as a Credit Information Company (CIC) in India?
- (A) CIBIL
 - (B) Experian
 - (C) CRISIL
 - (D) Equifax
- Q11.** The account of a borrower has been designated as SMA-1. What does this designation mean?
- (A) overdue period is between 1 to 30 days
 - (B) overdue period is between 31 to 60 days
 - (C) overdue period is between 61 to 90 days
 - (D) overdue period is more than 90 days
- Q12.** White Label ATMs are operated by non-bank entities, and their objective is to banking services to a broader population.
- (A) supplement
 - (B) replace
 - (C) substitute
 - (D) withdraw
- Q13.** White Label ATMs are recognized for their capacity to offer cash withdrawal and deposit services, thereby the convenience for customers who lack convenient access to traditional bank branches.
- (A) enhancing
 - (B) deteriorating
 - (C) obstructing
 - (D) complicating
- Q14.** A portfolio of mortgaged securities is being considered for securitization by a bank. For this securitization, they must determine the Minimum Retention Requirement (MMR). What elements should the bank take into account when calculating the MMR for these securities?
- (A) The securities' market value
 - (B) the securities' credit rating
 - (C) included mortgage product types
 - (D) value of the securities' initial loan

- Q15.** UPI (Unified Payments Interface) does not offer which of the following features of Standing instructions?
(A) Standing instruction
(B) Real-time fund transfer
(C) Bill payments
(D) All are true
- Q16.** Which of the following does NOT come under wealth management services provided by banks?
(A) Investment advisory
(B) Tax planning
(C) Retail banking
(D) Estate planning
- Q17.** Why is there an exit load imposed on investors in mutual funds, especially in portfolio management service?
(A) To discourage short-term investments
(B) To attract more investors
(C) To provide tax benefits
(D) To reduce the expense ratio
- Q18.** Which of the following is a potential reason that investors often prefer investing in mutual funds rather than directly trading in stocks?
(A) Low liquidity in stocks
(B) Lower risk in mutual funds
(C) Greater control over investments
(D) Lower transaction costs in stocks
- Q19.** Which part of the Income Tax Act applies when a person receives a gift from a relative?
(A) Section 54GB
(B) Section 110(14)
(C) Section 56(2)(vii)
(D) Section 46AD
- Q20.** A consumer wishes to use NEFT to send money to a buddy. Regarding NEFT's operator and entire form, he is unsure. What is the bank employee supposed to say?
(A) National Electronic Funds Transfer, RBI
(B) National Electronic Funds Transaction, NPCI
(C) National Electronic Fund Transfer, SEBI
(D) National Electronic Fund Transaction, IRDAI
- Q21.** A farmer asks the bank about the PM Aawas Yojana (Gramin) in his approach. What is the main goal of this plan?
(A) Promoting digital literacy in rural areas
(B) Offering farmers financial support for irrigation
(C) financial support for pucca house construction
(D) Enhancing agricultural productivity through modern technology
- Q22.** A newly hired employee has to understand the key distinction between retail and corporate products from a bank manager. What ought to be the explanation's main point?
(A) Risk assessment

- (B) Customer segmentation
- (C) Loan tenure
- (D) Regulatory compliance

- Q23.** A consumer is interested in borrowing money and wants to know what kinds of loans the bank offers. What form of loan is commonly utilized to pay for higher education?
- (A) Personal Loan
 - (B) Home Loan
 - (C) Education Loan
 - (D) Car Loan
- Q24.** A customer wants to know the maximum transaction limit for UPI transactions because they intend to use it to make a sizeable payment. What information should the bank staff give the client?
- (A) ₹10,000
 - (B) ₹50,000
 - (C) ₹1,00,000
 - (D) ₹2,00,000
- Q25.** Which among the following is an example of retail asset product?
- (A) Fixed Deposit
 - (B) Credit card
 - (C) Recurring Deposit
 - (D) All of the above
- Q26.** A bank is organizing a marketing effort for its brand-new credit card. What crucial factor should be taken into account when creating the marketing strategy?
- (A) Competitive interest rates
 - (B) Maximum loan limits
 - (C) Customer demographics
 - (D) Regulatory compliance
- Q27.** A bank is implementing a CRM system to improve customer service. What is the primary goal of CRM in a banking context?
- (A) Maximizing profits
 - (B) Acquiring new customers
 - (C) Enhancing customer satisfaction
 - (D) Reducing operating costs
- Q28.** A consumer complains to a bank about an unlawful EBT transaction that occurred on their account. What should the bank do initially to address this problem?
- (A) Block the customer's account
 - (B) Investigate the transaction
 - (C) Refund the customer immediately
 - (D) Contact the police
- Q29.** A consumer is searching for a high-liquidity, safe investment alternative. Which retail item ought to the bank clerk suggest?

- (A) Fixed Deposit
- (B) Mutual Funds
- (C) Equity Shares
- (D) Corporate Bonds

- Q30.** What is the margin requirement for an education loan under the Model Education Loan Scheme for studies costing more than Rs. 4 lakh and up to Rs. 7.5 lakh in India?
- (A) Nil
 - (B) 5%
 - (C) 10%
 - (D) 15%
- Q31.** A customer accidentally withdraws money from the wrong account due to a careless error. What is the appropriate action for the bank to take in this situation?
- (A) Keep the funds as the customer's mistake
 - (B) Inform the customer and ask for reimbursement
 - (C) Freeze both accounts temporarily
 - (D) Block the customer's access to online banking
- Q32.** What is India's primary goal in issuing Sovereign Gold Bonds (SGBs)?
- (A) To promote gold smuggling
 - (B) To reduce the import of physical gold
 - (C) To discourage investments in gold
 - (D) To increase the price of gold
- Q33.** What is the equation used to determine operational profit?
- (A) $\text{Operating Profit} = \text{Revenue} - \text{Cost of Goods Sold}$
 - (B) $\text{Operating Profit} = \text{Gross Profit} - \text{Operating Expenses} - \text{D\&A}$
 - (C) $\text{Operating Profit} = \text{Total Expenses} - \text{Total Revenue}$
 - (D) $\text{Operating Profit} = \text{Operating Profit Interest} - \text{Taxes}$
- Q34.** What is the "Third Gender" case's importance in the context of banking?
- (A) It alludes to a situation involving environmental preservation.
 - (B) It involves cryptocurrencies-related legal issues.
 - (C) It has to do with acknowledging transgender people in banking records.
 - (D) It relates to a situation of financial fraud.
- Q35.** An investment manager is in charge of overseeing the portfolio of a high net worth individual. The client prefers ethical investments that are consistent with social and environmental ideals. How should the investment manager approach building this portfolio?
- (A) Focus only on increasing profits without taking ethical considerations into account.
 - (B) Invest in businesses that have a proven track record of being socially and environmentally responsible.
 - (C) To get higher profits, invest in risky assets.
 - (D) Diversify across industries without taking ethical considerations into account.

- Q36.** A company is receiving advice from an investment banker on the most effective way to raise money for a significant expansion project. The business is looking for a sizeable sum of money and wants to keep capital costs as low as possible without diluting ownership. What kind of funding should the investment banker suggest?
- (A) the initial public offering (IPO) of common stock.
 - (B) taking out a fixed-interest loan from a bank.
 - (C) issuing bonds that are convertible.
 - (D) using a venture capital firm to invest in stock.
- Q37.** A medium-sized business is attempting to use TReDS's advantages to enhance working capital management. What are the main benefits of doing this using the TReDS platform?
- (A) Lowering the risk associated with credit and enabling faster payments.
 - (B) Achieving reduced interest rates on longterm loans.
 - (C) Gaining access to possibilities for equity funding.
 - (D) Expanding operations into international markets.
- Q38.** A client has complained to the integrated ombudsman about a problem with their bank. What part does the integrated ombudsman play in settling these types of disputes?
- (A) Act as an advocate for the bank to protect its interests.
 - (B) Provide a quick and final decision in Favor of the customer.
 - (C) Facilitate a fair and impartial resolution between the customer and the bank.
 - (D) Offer financial compensation to the customer.
- Q39.** Convertible bonds offer the chance for capital growth by allowing bondholders to their bonds into a set number of common shares of the issuing firm.
- (A) Withdraw
 - (B) Convert
 - (C) Redeem
 - (D) Hold
- Q40.** Diversification in the context of portfolio management refers to a risk-reduction technique that involves distributing investments across assets.
- (A) Similar
 - (B) High-risk
 - (C) Different
 - (D) Stable
- Q41.** is a key trade-off in portfolio management.
- (A) Risk vs. Reward
 - (B) Liquidity vs. Profitability
 - (C) Credit Quality vs. Diversification
 - (D) Capital Adequacy vs. Market Share
- Q42.** When introducing financial technology like credit cards, ATMs, internet banking, or mobile banking, what is the first stage of evaluation?
- (A) Feasibility Study
 - (B) System Development
 - (C) User Acceptance Testing

(D) Implementation

Q43. MRR stand for in the context of security assets.

- (A) Minimum Regulatory Requirements
- (B) Maximum Risk Reduction
- (C) Minimum Retention Requirements
- (D) Mandatory Regulatory Rules

Q44. Which organization is responsible for driving development and innovations in the field of banking technology in India?

- (A) RBI
- (B) NABARD
- (C) SEBI
- (D) IDRBT

Q45. To improve consumer protection, the Reserve Bank of India (RBI) modified its internal ombudsman program in 2021. What major changes occurred?

- (A) Integrating 3 ombudsman schemes
- (B) Increasing the retirement age of ombudsman
- (C) Reducing the number of ombudsman offices
- (D) Removing the ombudsman role entirely

Q46. What is the maximum limit of deduction amount for health insurance premium for self under section 80D of the Income Tax Act?

- (A) Rs. 10,000
- (B) Rs. 15,000
- (C) Rs. 20,000
- (D) Rs. 25,000

Q47. According to the SARFAESI Act, Once the demand notice is issued, the borrower has how many days to pay the debt?

- (A) 15 days
- (B) 30 days
- (C) 45 days
- (D) 60 days

Q48. What type of technology is renowned for preserving the transparency and immutability of transaction records in the banking industry?

- (A) Artificial Intelligence
- (B) Internet of Things (IoT)
- (C) Blockchain
- (D) Machine Learning

Q49. Can a joint fixed deposit account be prematurely canceled if one of the account holders has passed away?

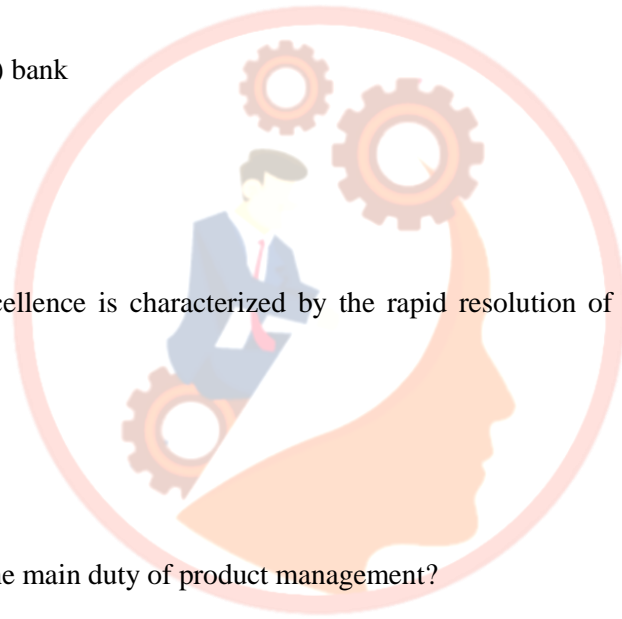
- (A) Yes, with the consent of the legal heir
- (B) Yes, without any additional steps
- (C) No, it cannot be closed prematurely
- (D) Yes, with the approval of the bank manager



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- Q50.** I. In portfolio management, greater risk usually translates into the possibility of greater profits.
II. By making investments in a variety of assets, portfolio diversification lowers risk.
III. The Sharpe ratio calculates a portfolio's return after adjusting for risk.
Which of the subsequent assertions is true?
(A) I and II
(B) II and III
(C) I and III
(D) All of the above
- Q51.** I. The installation phase is the initial stage of evaluating banking technology.
II. A feasibility study evaluates the potential benefits and viability of adopting new technology.
III. User acceptance testing guarantees that technology satisfies the expectations of customers.
Which of the following assertions is NOT correct?
(A) I and II
(B) II and III
(C) I and III
(D) II only
- Q52.** To establish a balanced portfolio, investors must frequently strike a between risk and reward, with risk potentially resulting in greater prospective rewards.
(A) Bargain, higher
(B) Balance, lower
(C) Trade-off, higher
(D) Compromise, lower
- Q53.** Assertion: Diversification lowers risk in portfolio management.
Reason: Investments are spread across a variety of asset groups through diversification.
(A) Both the assertion and reason are true, and the reason is a correct explanation of the assertion.
(B) Both the assertion and reason are true, but the reason is not a correct explanation of the assertion.
(C) The assertion is true, but the reason is false.
(D) Both the assertion and reason are false.
- Q54.** A client wishes to put money into a mutual fund with a strategy that seeks to offer consistent income and modest capital growth. Which mutual fund class should the bank staff suggest?
(A) Equity Mutual Fund
(B) Debt Mutual Fund
(C) Hybrid Mutual Fund
(D) Sectoral Mutual Fund
- Q55.** The advantages of employing TReDS are being sought after by a business owner. What is the TReDS platform's main benefit?
(A) Facilitating international trade
(B) Providing long-term loans
(C) Discounting trade receivables
(D) Offering insurance services

- Q56.** What is the major goal of the Reserve Bank of India's (RBI) integrated ombudsman scheme?
(A) To streamline the grievance redressal process
(B) To increase the number of bank branches
(C) To promote digital payments
(D) To reduce the interest rates on loans
- Q57.** Demand drafts cannot be released by banks for more than in cash.
(A) ₹ 10,000
(B) ₹50,000
(C) ₹ 1,00,000
(D) ₹2,00,000
- Q58.** List the names of foreign banks that started out in retail banking but left the industry after failing to meet their goals.
I. BNP Paribas
II. City Bank
III. ABN Amro (Now RSB) bank
(A) Only I
(B) Only II
(C) I, II
(D) I, II, III,
- Q59.** Which level of service excellence is characterized by the rapid resolution of customers' stated complaints by bankers?
(A) Empathy
(B) Responsiveness
(C) Reliability
(D) Assurance
- Q60.** Which of the following is the main duty of product management?
(A) Product Management
(B) Product Development
(C) Product Differentiation
(D) Product Evolution
- Q61.** A credit score is a 3-digit number derived from a credit report that summarizes the data and indicates the risk associated with a certain transaction. What does the three-digit score that denotes low credibility mean?
(A) 300
(B) 600
(C) 900
(D) 990
- Q62.** What is the income requirement for Prime Minister's Awas Yojana home loans in the case of a low-income group (LIG)?
(A) Income up to Rs.3-5 lakh
(B) Income up to Rs.4-6 lakh
(C) Income up to Rs.3-6 lakh
(D) Income up to Rs.4-12 lakh



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- Q63.** What loans fall under the retail banking category and are disbursed gradually?
(A) House under construction/education loan
(B) Vehicle loan and personal loan
(C) Personal loan and education loan
(D) House under construction loan and personnel loan
- Q64.** How many days should pass before the banking ombudsman acknowledges any redress?
(A) after 15 days
(B) after a month
(C) after 60 days
(D) after 20 days or completion of procedure, whichever is earlier
- Q65.** Does the non-banking organization that sets up, owns, and runs the ATM?
(A) Off-site ATM
(B) White label ATM
(C) On-site ATM
(D) Brown label ATM
- Q66.** The types of banking services accessible online include:
(A) Basic Level Service
(B) Simple Transactional Websites
(C) Fully Transactional Websites
(D) All the above
- Q67.** An autonomous semi-regulatory entity is the Banking Codes and Standard Board of India (BCSBI). It goes into effect on July 1st, 2007. It is a:
(A) Voluntary code of conduct of banks for individuals
(B) For compliance of promises made by banks under retail banking to customers
(C) Statutory authority for punishing banks
(D) Both (a) and (b)
- Q68.** A disagreement may develop if
(A) Successful transaction
(B) Unsuccessful transaction
(C) Both (a) and (b)
(D) None
- Q69.** Customer relationship management in retail banking has the following main goal:
(A) Management of information
(B) 360 degree view of the customer
(C) To ensure downward communication
(D) All the above
- Q70.** This aids in sharpening the data for future planning to profitably target the client segment.
(A) Company's vision
(B) Customer's basic information

- (C) Customer's feedback
- (D) None

- Q71.** When is an asset considered to be a loss asset?
- (A) It was determined that the realisable value was less than 10% of the outstanding balance.
 - (B) Less than half of the loan amount is less than the security's realisable value.
 - (C) The NPA has been classified as questionable for at least a year.
 - (D) Both (A) and (C)
- Q72.** Which of the following stages that securitizations go through?
- (A) Sale of illiquid asset to special purpose vehicle
 - (B) Loan amount is repaid by the retail consumers
 - (C) Investors buying securities
 - (D) Both (a) and (c)
- Q73.** Which of the following is a core component of a bath soap from a reputable brand when it is offered or shown in the market?
- (A) Soap itself
 - (B) Soap wrapped in paper pouch
 - (C) Soap put in plastic sheet
 - (D) Soap put in printed packing
- Q74.** What disadvantage exists in employing the marketing information system?
- (A) It is only used by top-level management
 - (B) It is a computer based support system
 - (C) Only concern in collection of data
 - (D) Gives little emphasis on implementations and control
- Q75.** When does retail banking functionality under the vertically organized model?
- (A) Centralized customer data base
 - (B) End to end solutions
 - (C) Scope for enlarging the scope for cross
 - (D) All of the above
- Q76.** The following humanistic aspects influence how MIS is implemented in public organizations:
- (A) a lack of grasp of the information systems and software used by staff
 - (B) user education is inadequate.
 - (C) Lack of management and user involvement in system design
 - (D) All of the above
- Q77.** The secret to enhanced retail product marketing is
- (A) Continuous contact and understanding
 - (B) Power to take decisions
 - (C) Family, friends, and relatives
 - (D) None of the above
- Q78.** Retail Bonds' main goals are:



- (A) To raise money to fund numerous projects generally
- (B) To settle debt
- (C) To protect against possible losses
- (D) To increase a business's sales

Q79. What is the benefit of wealth management for investors?

- (A) They waste their money.
- (B) Systematically create their corpus
- (C) Accumulate debt
- (D) Disregard monetary uncertainties

Q80. Effective portfolio management depends on:

- (A) Short-term mix of assets
- (B) Long-term mix of assets
- (C) Random selection of assets
- (D) Only investing in high-risk assets

Q81. The four major risk categories to which commercial banks are subject are:

- (A) Credit risk, liquidity risk, market risk, and operational risk
- (B) Credit risk, inflation risk, market risk, and legal risk
- (C) Exchange rate risk, credit risk, operational risk, and liquidity risk
- (D) Interest rate risk, credit risk, market risk, and legal risk

Q82. Which of the following is the primary driver for banks to optimize their customer channels?

- (A) Customer preferences and expectations
- (B) Economic downturn
- (C) Digital transformation
- (D) Slow deposit growth

Q83. What is corporate tax?

- (A) A charge placed on the profits generated by corporations
- (B) A charge imposed on products and services
- (C) A tax imposed on the income earned by an individual or taxpayer
- (D) A fee levied against an individual's or taxpayer's income

Q84. What is the maximum exemption limit for ULIPS under Section 80C?

- (A) Rs. 1,50,000
- (B) Rs. 75,000
- (C) Rs. 1 lakh
- (D) Rs. 5 lakhs

Q85. Why are banks regarded as the most secure entity for using people's savings?

- (A) On savings products, they provide substantial returns.
- (B) They have a lot of resources and can let customers withdraw their money whenever they want to.
- (C) They are able to offer long-term investment opportunities
- (D) They are able to assure investors of the returns on their investments.

- Q86.** The maximum period for a term deposit in most banks is:
- (A) 1 year
 - (B) 5 years
 - (C) 10 years
 - (D) 20 years
- Q87.** Which of the following is the main difference between open-ended and closed-ended funds is:
- (A) While closed-ended funds lack a maturity date, open-ended funds do.
 - (B) Unlike closed-ended funds, open-ended funds are listed on a stock exchange.
 - (C) Open-ended funds can only be sold on the stock exchange, whereas investors can purchase and sell units of closed-ended funds via the AMC.
 - (D) Open-ended funds can invest in a range of asset classes, whereas closed-ended funds can only invest in stocks.
- Q88.** PMSBY is
- (A) A savings account
 - (B) A term deposit
 - (C) An accident insurance scheme
 - (D) A credit card
- Q89.** A credit card is:
- (A) A type of cheque
 - (B) A type of prepaid card
 - (C) A means of payment backed by banks and financial institutions
 - (D) A type of deposit account
- Q90.** How do transactions with Bharat QR work?
- (A) Using a physical card
 - (B) Using a POS terminal
 - (C) Directly to the user's linked bank account using IMPS
 - (D) None of the above
- Q91.** How are debit cards issued to customers?
- (A) Through online application only
 - (B) By visiting the bank branch only
 - (C) Generic card without name embossing is issued immediately
 - (D) After 6 months of opening an account
- Q92.** Which of the aforementioned is a component of marketing management?
- (A) Identification of business opportunities
 - (B) Understanding the customer needs
 - (C) Producing according to customer needs
 - (D) All the above
- Q93.** Which of the following is a fundamental component of a successful marketing strategy?
- (A) Unified and centralized system
 - (B) Matching with the progress of foreign companies.
 - (C) High maintenance

(D) All the above

Q94. Which factors are the key drivers behind the pricing of goods and services in banks?

- (A) Asset Liability Management
- (B) Regulatory advices from consumers
- (C) Unstructured step up pricing practice
- (D) All of the above

Q95. The importance of using an effective MIS in decision-making is:

- (A) It leads to making poor decisions.
- (B) It reduces waste and costs.
- (C) It offers false information.
- (D) It offers a suitable setting for wise decision making.

Q96. Which marketing phase is most concerned with integrating people, culture, structure, decision making, and reward systems?

- (A) Marketing Planning
- (B) Marketing Implementation
- (C) Marketing Control
- (D) Marketing Mix

Q97. In Wealth Management, what is Tactical Management?

- (A) Selecting the appropriate ways to achieve financial strategies
- (B) Managing investment portfolios with a focus on income generation
- (C) Providing a flexible model to meet the needs of the client
- (D) None of the above

Q98. What is the Minimum Retention Requirement (MMR) for Mortgage-Backed Securities in Securitization?

- (A) 2%
- (B) 5%
- (C) 10%
- (D) 20%

Q99. Which of the following services is/are not offered by UPI (Unified Payments Interface)?

- I. Aadhaar verification
- II. Standing instruction
- III. Merchant payments
- IV. Immediate Payment Service (IMPS)

- (A) Only I
- (B) Only I and IV
- (C) II, III
- (D) I, II, III, IV

Q100. Which of the following is not a service provided by a wealth management firm?

- (A) Investment planning
- (B) Retirement planning
- (C) Tax planning



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(D) Stock Trading



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Answer Key

Q1. (C)	Q21. (C)	Q41. (A)	Q61. (A)	Q81. (A)
Q2. (B)	Q22. (B)	Q42. (A)	Q62. (C)	Q82. (A)
Q3. (C)	Q23. (C)	Q43. (C)	Q63. (A)	Q83. (A)
Q4. (D)	Q24. (D)	Q44. (D)	Q64. (B)	Q84. (A)
Q5. (C)	Q25. (D)	Q45. (A)	Q65. (B)	Q85. (B)
Q6. (C)	Q26. (C)	Q46. (D)	Q66. (D)	Q86. (C)
Q7. (D)	Q27. (C)	Q47. (D)	Q67. (D)	Q87. (C)
Q8. (C)	Q28. (A)	Q48. (C)	Q68. (C)	Q88. (C)
Q9. (B)	Q29. (A)	Q49. (A)	Q69. (B)	Q89. (C)
Q10. (C)	Q30. (B)	Q50. (D)	Q70. (C)	Q90. (D)
Q11. (B)	Q31. (B)	Q51. (B)	Q71. (D)	Q91. (C)
Q12. (A)	Q32. (B)	Q52. (C)	Q72. (D)	Q92. (D)
Q13. (A)	Q33. (B)	Q53. (A)	Q73. (A)	Q93. (A)
Q14. (C)	Q34. (C)	Q54. (C)	Q74. (D)	Q94. (A)
Q15. (B)	Q35. (B)	Q55. (C)	Q75. (D)	Q95. (D)
Q16. (C)	Q36. (C)	Q56. (A)	Q76. (C)	Q96. (B)
Q17. (A)	Q37. (A)	Q57. (B)	Q77. (A)	Q97. (A)
Q18. (B)	Q38. (C)	Q58. (B)	Q78. (A)	Q98. (B)
Q19. (C)	Q39. (B)	Q59. (B)	Q79. (B)	Q99. (A)
Q20. (A)	Q40. (C)	Q60. (B)	Q80. (B)	Q100. (D)

Dream Big Institution

Hints & Solutions

Q1. Solution:

Convertible bonds have the unique feature that, at the option of the bondholder, they can be converted into a predetermined number of common or preferred stock shares of the issuing company. This feature allows investors to potentially benefit from the company's stock price appreciation in addition to receiving interest payments. Traditional bonds (Option A) typically do not have this conversion feature. Convertible bonds may or may not have fixed maturity dates (Option B), and they are not necessarily issued only by companies with high credit ratings (Option D).

Q2. Solution:

The term "Artificial Intelligence" (AI) was coined by John McCarthy, an American computer scientist, and AI pioneer. He introduced the term in a 1956 conference at Dartmouth College, where he and other researchers discussed the possibility of creating machines that could simulate human intelligence. McCarthy's work had a profound impact on the development of AI as a field of study and research.

Q3. Solution:

Small Saving Accounts often have restrictions on the number of withdrawals or transactions allowed within a specific period, which is typically lower than regular savings accounts. These restrictions are in place to encourage account holders to save over the long term rather than using the account for frequent transactions. High-interest rates (Option A), no limit on credits (Option B), and monthly maintenance fees (Option D) are not necessarily unique features of Small Saving Accounts and can vary depending on the financial institution and specific account terms.

Q4. Solution:

Officially valid documents (OVDs) for KYC purpose include: Passport, driving licence, voters' ID card, PAN card, Aadhaar letter issued by UIDAI and Job Card issued by NREGA signed by a State Government official. To further ease the process, the information containing personal details like name, address, age, gender, etc., and photographs made available from UIDAI as a result of e-KYC process can also be treated as an 'Officially Valid Document'.

Q5. Solution:

CIBIL Score	Creditworthiness	Approval Probability
600-649	Doubtful	Difficult
650-699	Satisfactory or fair	Possible
700-749	Good	Good
750-900	Excellent	Very high

Q6. Solution:

RBI Guidelines on LTV: For loan amounts that are above Rs. 30 lakh and up to Rs. 75 lakh, the LTV ratio limit has been set to up to 80% while for loan amounts above Rs. 75 lakh, the LTV ratio can go up to 75%.

Q7. Solution:

SBU's are often created within large organizations, including banks, to create smaller, more focused units that can operate semi-autonomously. This structure allows for more concentrated attention on specific business areas or product lines, leading to focused management, strategic decision making, and better alignment with business goals.

While employee engagement (Option A), customer service (Option B), and operational efficiency (Option C) are important objectives for banks, the primary purpose of SBUs is to enhance strategic management and decision making.

Q9. Solution:

The Direct Selling Agent is responsible for any unauthorized use of a customer's cheque, as it is their actions that led to the unauthorized withdrawal. However, the specific resolution of such situations may depend on local laws, regulations, and the contractual agreements in place between the bank, the DSA, and the customer. The customer (Option B) may also have rights to seek compensation or remedies depending on the circumstances. The bank (Option C) and the branch manager (Option D) may also have responsibilities in investigating and resolving the matter, but the initial liability often lies with the DSA.

Q9. Solution:

A customer's CIBIL score (Credit Information Bureau (India) Limited score) is a measure of their credit history and creditworthiness. Lenders use this score to evaluate the customer's creditworthiness, which helps them determine the risk associated with extending a loan or credit to that customer. A higher CIBIL score generally indicates a more favorable credit history and a lower credit risk, while a lower score may suggest a higher risk. Checking the CIBIL score is a crucial step in the loan approval process to make informed lending decisions.

Q10. Solution:

Among the entities listed, CRISIL (Option C) is NOT categorized as a Credit Information Company (CIC) in India. CRISIL is a credit rating agency and provides credit ratings and research services but does not operate as a Credit Information Company (CIC) like CIBIL, Experian, and Equifax, which primarily focus on credit reporting and credit information services.

Q11. Solution:

The classification "SMA-1" (Special Mention Account-1) indicates that the borrower's account has an overdue period between 31 to 60 days. This classification is used in banking to identify accounts where payments are overdue but have not yet crossed the 90 -day mark.

Q12. Solution:

White Label ATMs are operated by non-bank entities, and they aim to supplement banking services to a wider population

Q13. Solution:

White Label ATMs are known for their ability to provide cash withdrawal and deposit services, thus enhancing the convenience for customers who do not have easy access to traditional bank branches.

Q14. Solution:

The type of mortgages included in the portfolio, such as residential or commercial mortgages, and their characteristics, such as loan-to-value ratios, can significantly impact the MMR calculation. Regulatory requirements may specify different retention requirements based on the type and risk profile of the underlying mortgages.

While factors like the market value of the securities (Option A) and credit rating of the securities (Option B) may be relevant for other aspects of the securitization process, they are not typically the primary determinants of the MMR. The original loan amount of the securities (Option D) may also be relevant in some cases, but it is not the primary factor in calculating MMR

Q15. Solution:

The answer is: B. Real-time fund transfer Standing instructions are a feature of UPI that allows you to schedule recurring payments to merchants. You can set up standing instructions for a variety of payments, such as utility bills, mobile bills, and insurance premiums.

Real-time fund transfer is a feature of UPI that allows you to transfer money from one bank account to another in real time. This feature is not supported by standing instructions.

Bill payments are supported by standing instructions. You can set up standing instructions to pay your bills automatically on a specific date each month.

All are true is not the correct answer because real-time fund transfer is not a feature of standing instructions.

Q6. Solution:

Wealth management services typically focus on high-net-worth individuals and provide services such as investment advisory, tax planning, estate planning, and other specialized financial services tailored to the client's wealth and financial goals. Retail banking, on the other hand, is a broader banking service that caters to the general public and offers basic banking products and services like savings accounts, checking accounts, and personal loans.

Q17. Solution:

Exit loads are typically imposed on investors in mutual funds, including portfolio management services, to discourage short-term investments. Exit loads are fees or charges that investors have to pay when they redeem or sell their mutual fund units within a specified period, often a short-term period. By imposing exit loads, mutual funds aim to encourage investors to stay invested for a longer duration, which is generally aligned with the fund's investment objectives and strategies. This helps in promoting stability and better returns for long-term investors while discouraging frequent trading or short-term speculation, which can be detrimental to the fund's performance.

Q18. Solution:

Investors often prefer investing in mutual funds rather than directly trading in stocks for the following primary reason:

Option B: Lower risk in mutual funds.

Mutual funds offer diversification by pooling investments from multiple investors to invest in a diversified portfolio of stocks, bonds, or other securities. This diversification helps spread risk and reduces the impact of individual stock price fluctuations. It provides investors with a way to access a diversified portfolio without the need for extensive research and management. While lower risk is a key advantage of mutual funds, there are other factors such as professional management, convenience, and the ability to invest with smaller amounts of money that also make mutual funds attractive to investors. However, investors may have less control over the specific stocks held in a mutual fund compared to direct stock trading, which addresses Option C. Additionally, transaction costs can vary depending on the brokerage platform, addressing Option D, but it's not the primary reason for choosing mutual funds over stocks.

Q19. Solution:

Section 56(2)(vii) of the Income Tax Act deals with the taxation of gifts received by individuals. It specifies the conditions under which gifts from relatives are exempt from income tax and defines who qualifies as a relative for this purpose. Section 80C (Option A) pertains to deductions for certain investments and expenses. Section 10(14) (Option B) deals with allowances and benefits. Section 44AD (Option D) is related to the presumptive taxation scheme for certain businesses.

Q20. Solution:

NEFT stands for "National Electronic Funds Transfer," and it is a widely used electronic funds transfer system in India.

The operator of NEFT is the Reserve Bank of India (RBI). RBI is responsible for regulating and overseeing the NEFT system, ensuring its smooth operation and security.

Q21. Solution:

The Pradhan Mantri Awaas Yojana (Gramin), often referred to as PMAY-G, has the key objective of providing financial assistance to rural households for the construction of pucca houses. Here's an elaborated solution:

PMAY-G is a flagship program initiated by the Government of India aimed at improving the living conditions of rural households, especially those who are living in dilapidated and inadequate housing. The primary objective of this scheme is to ensure that every rural family in need has a safe and secure pucca house. A pucca house refers to a house with durable and permanent walls and a roof that is resistant to adverse weather conditions.

Key features and components of PMAY-G include:

Financial Assistance: Under this scheme, eligible rural households receive financial assistance from the government to build their pucca houses. The amount of assistance varies depending on factors such as the region and construction costs.

Beneficiary Selection: Beneficiaries are selected based on predefined criteria, including income levels and housing conditions. Priority is given to vulnerable and disadvantaged sections of society.

Convergence: PMAY-G is implemented in convergence with other government programs to ensure comprehensive development in rural areas. This includes access to sanitation facilities, electricity, and clean cooking solutions.

Transparent and Accountable: The implementation of PMAY-G is done in a transparent and accountable manner, with funds transferred directly to the beneficiaries' bank accounts.

In summary, the key objective of the PM Aawas Yojana (Gramin) is to provide financial assistance to rural households to construct pucca houses, thereby improving their living conditions and promoting housing development in rural India.

Q22. Solution:

The main difference between retail and corporate products in banking is customer segmentation. Retail products are designed for individual customers or small businesses, while corporate products are tailored to the needs of large businesses and corporations. This segmentation is based on the distinct requirements, risk profiles, and financial capabilities of these two customer groups. Therefore, the focus of the explanation should be on how retail and corporate products serve different customer segments.

Q23. Solution:

Education loans are specifically designed to finance the expenses related to higher education, including tuition fees, books, living expenses, and other educational costs. These loans often come with favorable terms for students, such as deferred repayment options until after graduation and lower interest rates compared to other types of loans. They are intended to help individuals pursue their education without facing significant financial burdens during their studies.

Q24. Solution:

The bank staff should inform the customer of the following:

The maximum transaction limit for UPI transactions is ₹2,00,000 (two lakh rupees) per transaction. However, individual banks may set lower limits for their customers.

The customer should check with their specific bank to confirm the exact limit.

The limit may be subject to change as per regulatory guidelines.

Q25. Solution:

Fixed Deposits, Credit Cards, and Recurring Deposits are all examples of retail asset products offered by banks and financial institutions. These products are typically designed for individual customers and small businesses, making them part of the retail banking segment.

Q26. Solution:

Understanding the target customer demographics is essential for creating a successful marketing campaign. Different credit card products may appeal to different segments of the population based on factors such as age, income level, lifestyle, spending habits, and financial goals. Tailoring the marketing message and promotional channels to reach the right audience can significantly impact the effectiveness of the campaign.

While competitive interest rates (Option A), maximum loan limits (Option B), and regulatory compliance (Option D) are crucial considerations for credit card products, identifying the right customer demographics is the foundation upon which the marketing strategy should be built.

Q27. Solution:

CRM systems in banking are primarily focused on improving customer relationships, understanding customer needs, and providing personalized and efficient services. While maximizing profits (Option A) and acquiring new customers (Option B) are important objectives for banks, the central aim of CRM is to enhance customer satisfaction by delivering a better overall banking experience. This, in turn, can lead to increased customer loyalty, retention, and ultimately, long-term profitability for the bank. Reducing operating costs (Option D) can also be a benefit of effective CRM implementation, but it is not the primary goal.

Q28. Solution:

Blocking Accounts: In the event of an unauthorized Electronic Banking Transaction reported by a customer, the bank should promptly block all accounts linked to the customer's mobile number to prevent further fraudulent transactions. Customers can request to unblock their accounts by submitting a request to the respective branch where the account(s) is/are maintained.

Q29. Solution:

Fixed Deposits are known for their security and liquidity. They offer a fixed interest rate and a predetermined maturity date, providing a safe and predictable return on investment. Additionally, they can be easily liquidated before maturity, although there may be some penalties or restrictions, depending on the bank's terms and conditions. While Mutual Funds (Option B) offer liquidity and the potential for higher returns, they also carry a higher level of risk compared to Fixed Deposits. Equity Shares (Option C) and Corporate Bonds (Option D) can provide returns but are typically less secure and less liquid than Fixed Deposits.

Q30. Solution:

As per the Model Education Loan Scheme, the margin requirement for education loans in India for studies more than Rs. 4 lakhs and up to Rs. 7.5 lakhs is 5%.

This means that the borrower will have to arrange for 5% of the loan amount from their own sources, and the bank will sanction the remaining 95% of the loan amount.

For example, if the borrower wants to take a loan of Rs. 5 lakhs, they will need to arrange for Rs. 25,000 from their own sources and the bank will sanction the remaining Rs. 4.75 lakhs.

The margin requirement is applicable to all borrowers, regardless of their income or financial background. However, banks may offer lower margin requirements to meritorious students or students from low-income families.

Q31. Solution:

In a situation where a customer accidentally withdraws money from the wrong account due to a careless error, the appropriate action for the bank to take is:

Option B: Inform the customer and ask for reimbursement.

The bank should promptly inform the customer of the error and request reimbursement of the funds withdrawn from the wrong account. It's important for the bank to maintain clear and open communication with the customer and work towards resolving the situation in a fair and transparent manner.

Options C and D (freezing both accounts temporarily or blocking the customer's access to online banking) are generally not the first steps to take and may be considered only in cases involving suspected fraud or unauthorized transactions. Option A (keeping the funds as the customer's mistake) is not an ethical or customer-friendly approach and should be avoided. The bank should strive to rectify errors and ensure that customers are treated fairly.

Q32. Solution:

SGBs are government securities denominated in grams of gold and offer an alternative investment option for individuals who wish to invest in gold without the need to purchase physical gold. By promoting investment in SGBs, the government aims to reduce the demand for physical gold imports, which can help conserve foreign exchange reserves and reduce the country's trade deficit. SGBs are designed to channel investments that would otherwise go into physical gold into a financial instrument backed by the government. This supports the broader goal of reducing the reliance on importing gold into the country.

Q33. Solution:

In this formula:

Gross Profit is the profit derived after subtracting the cost of goods sold (COGS) from total revenue.

Operating Expenses include all the expenses related to the company's normal operations, such as salaries, rent, utilities, and marketing expenses.

D&A stands for "Depreciation and Amortization," which represents the noncash expenses associated with the depreciation of assets and the amortization of intangible assets.

Operating profit, also known as operating income or operating earnings, reflects the profit generated from a company's core operating activities before interest and taxes are considered.

Q34. Solution:

The "Third Gender" case relates to the legal recognition and rights of transgender individuals, including their ability to have their gender identity properly reflected on official documents such as bank accounts, identity cards, and other financial and legal documents. This case addresses issues of gender identity and inclusivity in the banking sector, ensuring that transgender individuals are recognized and treated with dignity and respect in their financial transactions and interactions with banks.

Q35. Solution:

This approach, known as "Socially Responsible Investing" (SRI) or "Environmental, Social, and Governance" (ESG) investing, involves selecting investments in companies or assets that not only aim for financial returns but also demonstrate a commitment to ethical and sustainable practices. By investing in companies with a strong ESG record, the portfolio aligns with the client's values and preferences while still seeking reasonable financial returns. Option A (focusing solely on maximizing returns without considering ethical criteria) may not align with the client's values and preferences. Option C (investing in high-risk assets to achieve superior returns) may not be suitable if the client's primary objective is ethical investing, as it may involve greater risk.

Option D (diversifying across various sectors without considering ethical factors) would not meet the client's preference for ethical investments.

Q36. Solution:

To raise a significant sum of money for a significant expansion project while keeping capital costs as low as possible without diluting ownership, the investment banker should suggest: Option C: Issuing bonds that are convertible. Convertible bonds offer several advantages in this scenario:

Lower Capital Costs: Bonds typically have lower interest rates compared to loans from banks, making them a cost-effective way to raise funds.

Ownership Dilution: Convertible bonds do not immediately dilute ownership. Bondholders have the option to convert the bonds into common stock at a later date, which allows the company to defer equity dilution until a future time.

Flexibility: The conversion feature provides flexibility, allowing the company to potentially benefit from any increase in its stock price if bondholders choose to convert.

Interest Deductibility: Interest payments on bonds are typically tax-deductible, providing a tax advantage compared to equity financing.

An initial public offering (IPO) of common stock (Option A) can be costly and involves significant ownership dilution. Taking out a fixed-interest loan from a bank (Option B) may result in higher capital costs. Using a venture capital firm to invest in stock (Option D) would involve equity financing, leading to ownership dilution and potentially higher capital costs. Therefore, issuing convertible bonds is a suitable option in this scenario.

Q37. Solution:

The primary advantages of using the TReDS (Trade Receivables Discounting System) platform for improving working capital management for a medium-sized enterprise are:

Option A: Reducing credit risk and facilitating quicker payments.

TReDS platforms provide a marketplace where businesses can discount their trade receivables to receive early payment from buyers or financiers. This has several benefits:

Reducing Credit Risk: By getting paid earlier, businesses can reduce their exposure to credit risk, as they receive funds even if buyers delay payment.

Quicker Payments: TReDS platforms expedite the payment process, enabling businesses to access cash flow more promptly, which is crucial for managing working capital efficiently.

Options B, C, and D are not typically associated with TReDS platforms. They are related to other forms of financing, such as obtaining long-term loans, gaining access to equity financing, or expanding operations into international markets, which are separate considerations from the specific advantages offered by TReDS in working capital management.

Q38. Solution:

The role of the integrated ombudsman in resolving disputes between a customer and their bank is:

Option C: Facilitate a fair and impartial resolution between the customer and the bank. Integrated ombudsman offices, such as the Banking Ombudsman Scheme, act as neutral and impartial intermediaries in resolving disputes. They aim to ensure that both the customer and the bank have an equal opportunity to present their case and work toward a fair resolution. The ombudsman's role is not to advocate for the bank's interests (Option A) but rather to act as an unbiased mediator.

Option B (providing a quick and final decision in favor of the customer) can be a possible outcome if the ombudsman determines that the customer's complaint is valid, but the primary role is to facilitate a fair resolution.

Option D (offering financial compensation to the customer) may be one of the remedies provided if the ombudsman finds in favor of the customer and deems it appropriate in the specific case.

Q39. Solution:

Convertible bonds allow bondholders to Option B: Convert their bonds into a predetermined number of common shares of the issuing company, providing potential for capital appreciation.

Q40. Solution:

Diversification in portfolio management is a risk management strategy that involves spreading investments across different assets or asset classes to reduce the overall risk of the portfolio. The goal is to create a portfolio that is not overly reliant on the performance of any single asset or investment, thus reducing the potential impact of poor performance in one area.

Q41. Solution:

Portfolio managers must make decisions that balance the level of risk they are willing to accept in their investments with the potential reward or return they expect to achieve. This trade-off involves considering factors such as asset allocation, diversification, and investment strategies to optimize the risk-reward profile of the portfolio.

Q42. Solution:

A feasibility study assesses the viability and potential benefits of implementing the technology. It includes evaluating factors such as the technical feasibility, economic feasibility, operational feasibility, and legal and regulatory considerations. This initial assessment helps determine whether proceeding with the technology implementation is justified and practical.

Q43. Solution:

MRR refers to the minimum duration or amount of time that a security or financial asset must be held by a financial institution or investor, often as mandated by regulatory authorities. This requirement is designed to ensure stability and compliance with regulatory standards.

Q44. Solution:

The organization responsible for driving development and innovations in the field of banking technology in India is the Institute for Development and Research in Banking Technology (IDRBT). IDRBT is an autonomous institution established by the Reserve Bank of India (RBI) to undertake research and development activities related to banking technology. It plays a crucial role in promoting technological advancements and best practices in the Indian banking sector.

Q45. Solution:

In 2021, the Reserve Bank of India (RBI) made amendments to its internal ombudsman scheme to enhance consumer protection by: Option A: Integrating 3 ombudsman schemes The RBI integrated the three existing ombudsman schemes for banks, non-bank finance companies (NBFCs), and digital transactions into a single, unified ombudsman scheme. This was done to streamline and strengthen the grievance redressal mechanism for customers across the financial sector.

Q46. Solution:

Section 80D of the Income Tax Act, 1961 offers tax deductions of up to Rs 25,000 on health insurance premiums paid in a financial year. The tax deduction limit increases to Rs 50,000 per fiscal year for senior citizens aged 60 years and above.

Q47. Solution:

A borrower who cannot repay their loan (including house loans) for six months has the legal right to request that the bank send them a notice informing them of the need to settle the debt within 60 days for the sarfaesi act procedure.

Q48. Solution:

The technology renowned for preserving the transparency and immutability of transaction records in the banking industry is Blockchain technology. Blockchain is a distributed ledger technology that records transactions across multiple computers in a way that ensures transparency and security. Once a transaction is recorded on the blockchain, it becomes extremely difficult to alter or delete the information, making it a valuable tool for maintaining the integrity of financial transactions and records in the banking sector.

Q49. Solution:

In the case of a joint fixed deposit (FD) account where one account holder has passed away, the ability to close the FD prematurely may depend on the specific terms and conditions set by the bank and the legal requirements in the jurisdiction where the account is held. Therefore, the correct answer may vary.

Typically, when one account holder in a joint FD account passes away, the FD can be closed prematurely with certain conditions:

Option A: Yes, with the consent of the legal heir. In many cases, the legal heir or nominee of the deceased account holder will need to provide the necessary documentation and consent to close the FD prematurely. The specific procedures and requirements may vary by bank and local regulations.

It's important for individuals in such situations to contact their bank and follow the bank's instructions and legal requirements for closing the FD account under these circumstances.

Q50. Solution:

The answer is: D. All of the above

- I. In portfolio management, greater risk usually translates into the possibility of greater profits. This is a true statement. Risk and return are positively correlated, meaning that higher-risk investments tend to have higher potential returns. However, it is important to note that there is no guarantee that higher-risk investments will actually generate higher returns.
- II. By making investments in a variety of assets, portfolio diversification lowers risk. This is also a true statement. Portfolio diversification is the process of investing in a variety of different asset classes, such as stocks, bonds, and real estate. Diversification can help to reduce risk because different asset classes tend to perform differently in different market conditions.
- III. The Sharpe ratio calculates a portfolio's return after adjusting for risk. This is also a true statement. The Sharpe ratio is a measure of a portfolio's risk-adjusted performance. It is calculated by dividing the portfolio's excess return by its standard deviation.

Therefore, all three statements are true.

It is important to note that the relationship between risk and return is not always linear. In some cases, there may be a point of diminishing returns, where taking on more risk does not lead to significantly higher returns. Additionally, it is important to consider your own risk tolerance and investment goals when making investment decisions.

Q51. Solution:

Statement I is correct. The installation phase is indeed the initial stage of implementing or setting up banking technology.

Statement II is correct. A feasibility study evaluates the potential benefits and viability of adopting new technology, considering factors like cost, benefits, and alignment with organizational goals.

Statement III is not correct. User acceptance testing (UAT) ensures that technology functions as intended and meets specified requirements, but it does not guarantee that it satisfies all customer expectations. Customer expectations can vary widely and may include factors beyond the scope of UAT, such as user experience, design, and broader business considerations.

So, the assertion that is NOT correct is "III," which is about user acceptance testing.

Q52. Solution:

"To establish a balanced portfolio": This refers to the process of creating an investment portfolio that is diversified and designed to achieve a certain balance of risk and reward. A balanced portfolio typically includes a mix of different types of assets such as stocks, bonds, and other investments.

"Investors must frequently strike a trade-off between risk and reward": This means that investors need to find a compromise or balance between the level of risk they are willing to take and the potential rewards they want to achieve. In investing, there is often a relationship where higher potential rewards are associated with higher levels of risk, and vice versa.

"with higher risk potentially resulting in greater prospective rewards": This part of the statement highlights that when investors are willing to take on more risk in their portfolio by investing in assets with greater potential for price fluctuations or volatility (such as stocks), they may have the potential for higher returns or rewards. However, it also comes with the possibility of experiencing greater losses.

Q53. Solution:

Diversification in portfolio management involves spreading investments across a variety of asset classes, such as stocks, bonds, real estate, and others. The primary goal of diversification is to reduce risk. When investments are diversified, the performance of one asset or asset class is less likely to have a significant impact on the overall portfolio. If one investment performs poorly, it may be offset by better performance in other assets.

The reason given supports the assertion. Diversification indeed involves spreading investments across different asset groups. This spreading of investments helps lower the risk because it reduces the potential negative impact of poor performance in any single asset or asset class. So, both the assertion and the reason are accurate, and diversification is a commonly used risk management strategy in portfolio management.

Q54. Solution:

Hybrid Funds

They also known as balanced funds or asset allocation funds, invest in a diversified portfolio of assets, including both equities and fixed income securities. The asset allocation can vary, but they are designed to provide a mix of income and growth. These funds are suitable for investors looking for a well-rounded approach that offers income while also seeking moderate capital appreciation.

Q55. Solution:

TReDS platforms allow businesses to discount their trade receivables, which means they can sell their unpaid invoices or receivables to financiers or banks at a discount. This provides immediate liquidity to the business, helping them manage their cash flow efficiently. It is a valuable tool for businesses to access working capital without waiting for their customers to make payments, ultimately improving their financial flexibility and operations.

Q56. Solution:

The integrated ombudsman scheme aims to provide a more efficient and effective mechanism for addressing and resolving grievances and complaints from customers of banks and other financial institutions. It seeks to streamline the process and ensure that customer complaints are handled promptly and fairly by the banking ombudsman.

Q57. Solution:

The Demand Draft can be made by paying the Bank in Cash as well, but for Demand Drafts exceeding Rs. 50,000 the payment should be by cheque only. Quoting your PAN No. is also necessary in case the value of the DD is more than Rs. 50,000.

Q58. Solution:

BNP Paribas and ABN Amro (now RBL Bank) have not exited retail banking activities; they continue to operate in retail banking.

However, Citibank (City Bank) did announce its exit from retail banking operations in India as part of its strategic decisions. Therefore, option B, "Only II," is correct because Citibank is the foreign bank that exited retail banking activities.

Q59. Solution:

In the context of service quality, particularly in the banking industry, "Responsiveness" refers to the willingness and ability of the bank and its employees to provide prompt service to customers and address their needs and problems in a timely manner. When customers face problems or issues and the bank resolves these problems promptly, it falls under the category of "Responsiveness." This is an essential aspect of good customer service because it demonstrates that the bank values its customers' time and concerns and is willing to take quick action to meet their needs.

Q60. Solution:

One of the primary responsibilities in product management is overseeing the development of new products or enhancements to existing products, which is represented by "Product Development" in option B.

Q61. Solution:

Credit scores are numerical representations of an individual's or entity's creditworthiness. These scores are typically used by lenders and financial institutions to assess the risk associated with lending money or extending credit to someone.

In most credit scoring models, the range of credit scores can vary, but a common range is from 300 to 850 .

A score of 300 is at the lower end of the spectrum and indicates a significantly higher risk for lenders. It suggests a history of poor credit management, missed payments, and other negative financial behaviors.

Q62. Solution:

Under the Prime Minister's Awas Yojana (PMAY) for the Low-Income Group (LIG), the income criteria typically allow households with an annual income falling within the range of Rs.3 lakh to Rs.6 lakh to avail of housing loans and subsidies for affordable housing.

Q63. Solution:

House under construction/education loan Loans for house construction and education are typically disbursed in stages. For example, in the case of a house under construction loan, the funds are released in installments as different stages of construction are completed. Similarly, education loans may be disbursed in stages to cover tuition fees for each academic year or semester. This ensures that the funds are used for their intended purposes and reduces the risk for the lender.

Q64. Solution:

It may be noted that the complaint should be made to the RBI Ombudsman not later than one year after receiving the reply of the RE or, in cases where no reply is received, not later than one year and 30 days after the date of the representation to the RE

Q65. Solution:

White label ATM

ATMs that are set up, owned, and operated by non-banking entities are typically referred to as "White-label ATMs." These are ATMs that are not associated with a specific bank but are operated by third-party companies for providing ATM services to multiple banks' customers.

Q66. Solution:

The levels of banking services offered through the internet include Basic Level Services, Simple Transactional Websites, and Fully Transactional Websites. These represent different levels of functionality and complexity in online banking services.

Q67. Solution:

The Banking Codes and Standards Board of India (BCSBI) is indeed an autonomous semiregulatory entity. It serves two primary functions:

- (a) It is a voluntary code of conduct for banks dealing with individuals. This means it sets standards of good banking practices for financial institutions to follow when dealing with personal customers.
- (b) It oversees compliance with promises made by banks under retail banking to customers. This involves ensuring that banks adhere to the standards and commitments outlined in the code of conduct. So, the correct answer is option D, which states that BCSBI serves both functions (a) and (b).

Q68. Solution:

Disputes can arise in both successful and unsuccessful transactions. In successful transactions, a dispute might occur if there are issues with the quality of the product or service received, overcharges, or any other problems. In unsuccessful transactions, disputes can arise if the payment was deducted but the product or service was not delivered, or if there are issues with refunds, among other reasons.

Q69. Solution:

The primary aim of customer relationship management (CRM) in retail banking is to have a 360-degree view of the customer. This means that banks aim to gather comprehensive information about their customers, including their financial history, preferences, needs, and interactions with the bank. Having a holistic view of the customer helps banks provide better and more personalized services, enhance customer satisfaction, and build stronger, long-term relationships with their customers.

Q70. Solution:

Customer feedback is valuable for refining information and developing strategies to target customer segments in a profitable manner. By collecting and analyzing customer feedback, companies can gain insights into customer preferences, needs, and satisfaction levels. This information can then be used to tailor products, services, and marketing strategies to better meet customer expectations and achieve profitability.

Q71. Solution:

An asset is classified as a loss asset when:

The realisable value assessed as less than 10% of the outstanding amount.

The NPA is remained as doubtful for at least less than 12 months.

This means that if an asset has been nonperforming for more than 12 months and the bank believes that it is unlikely to be repaid, the asset will be classified as a loss asset. The bank will then need to write off the asset and take a loss. The Reserve Bank of India (RBI) has prescribed guidelines for the classification of nonperforming assets (NPAs) by banks. These guidelines are intended to ensure that banks maintain a healthy balance sheet and that their NPA levels are under control.

Banks are required to classify their NPAs into one of three categories:

Substandard assets: These are assets that have been non-performing for less than 12 months.

Doubtful assets: These are assets that have been non-performing for more than 12 months.

Loss assets: These are assets that are considered uncollectible and of such little value that their continuance as a bankable asset is not warranted.

Q72. Solution:

The stages followed in securitization typically involve:

A. Sale of illiquid asset to a special purpose vehicle (SPV): In this stage, the originator of the loans or assets transfers them to an SPV, which is a separate legal entity created for the purpose of securitization.

C. Investors buying securities: Once the assets are transferred to the SPV, securities backed by those assets are issued to investors, who purchase these securities as an investment.

So, both (a) and (c) are key stages in the securitization process.

Q73. Solution:

The core part of a bath soap from a reputed brand is the soap itself, which is the actual product. While it may come wrapped in various packaging materials like paper pouches, plastic sheets, or printed packaging, the soap itself is the essential and central component of the product.

Q74. Solution:

Gives little emphasis on implementations and control

One drawback of using a marketing information system (MIS) is that it can sometimes give little emphasis on implementation and control. While an MIS is excellent at collecting, processing, and presenting data and information, it may not provide sufficient guidance or support for the implementation of marketing strategies and the monitoring and control of marketing activities. This can be a limitation if the organization relies solely on the MIS for decision-making without adequate attention to implementation and control measures.

Q75. Solution:

All of the above

A vertically organized model in retail banking provides functionality in various aspects, including:

A. Centralized customer database: It enables the centralization of customer data, making it easier to manage and access customer information across the organization.

B. End-to-end solutions: It offers complete solutions that cover various aspects of retail banking operations, from customer onboarding to transaction processing and customer service.

C. Scope for enlarging the scope for crossselling: A vertically organized model can facilitate cross-selling opportunities by having a comprehensive view of customer data and offering a range of products and services.

So, all of the above options are correct in the context of a vertically organized model in retail banking.

Q76. Solution:

The humanistic factors affecting the implementation of Management Information Systems (MIS) in public organizations can include a lack of understanding among employees about software and information systems,

inadequate education and training of users, and a lack of participation by managers and users in the design of the system.

Q77. Solution:

Continuous contact with customers and a deep understanding of their needs and preferences are key to augmented marketing of retail products. Augmented marketing involves going beyond traditional marketing approaches to provide additional value and personalized experiences to customers. This is achieved by maintaining close relationships with customers, gathering feedback, and tailoring products and services to meet their specific requirements. The other options, such as "Power to take decisions" and "Family, friends, and relatives," are not the primary keys to augmented marketing of retail products.

Q78. Solution:

The main goal of retail bonds is typically to raise money to fund various projects or activities. Retail bonds are debt securities issued by corporations, government entities, or other organizations to raise capital for a wide range of purposes, such as infrastructure projects, expansion, or general financing needs. They are a way for these entities to raise funds from individual investors (retail investors) by offering them fixed interest payments over a specified period in exchange for their investment. The primary aim is to secure financing for various projects or operations.

Q79. Solution:

Wealth management helps investors systematically create and manage their wealth or corpus by providing strategies, advice, and financial planning. It focuses on achieving financial goals, managing assets, and optimizing investments in a way that aligns with the investor's objectives and risk tolerance. It is not about spending recklessly, accumulating debt, or ignoring financial uncertainties; instead, it aims to provide a structured and informed approach to building and preserving wealth.

Q80. Solution:

The key to effective portfolio management is typically a long-term mix of assets that aligns with the investor's financial goals, risk tolerance, and investment horizon. This approach aims to create a diversified portfolio that can weather market fluctuations and generate returns over the long term while managing risk. Short-term asset mix, random selection of assets, or exclusively investing in high-risk assets may not be conducive to effective portfolio management, as they can expose the investor to unnecessary risks and hinder long-term financial planning.

Q81. Solution:

The four broad categories of risks that commercial banks are typically exposed to are credit risk (the risk of borrower default), liquidity risk (the risk of not being able to meet shortterm obligations), market risk (the risk of losses due to changes in market conditions), and operational risk (the risk of losses resulting from internal processes, systems, or external events).

Q82. Solution:

The primary driver for banks to optimize their customer channels is usually customer preferences and expectations. Banks aim to provide services that align with what their customers want and expect in terms of accessibility, convenience, and user experience. While economic conditions, digital transformation, and deposit growth can also influence channel optimization, they are often secondary to meeting the needs and demands of customers.

Q83. Solution:

Corporate tax is a tax imposed on the profits earned by corporations or companies from their business activities. It is distinct from taxes on goods and services (such as sales tax or value-added tax), individual income tax, or taxes paid on behalf of another person.

Q84. Solution:

The maximum exemption limit for ULIPs under Section 80C is ₹1,50,000 per financial year. This means that you can claim a deduction of up to ₹1,50,000 on the premium you pay towards your ULIP policy. This deduction is available to both individuals and HUFs.

Note that the maximum exemption limit for Section 80C as a whole is also ₹1,50,000. This means that if you invest in other tax-saving instruments under Section 80C, such as EPF, PPF, or NSC, your total deduction cannot exceed ₹1,50,000.

Q85. Solution:

Banks are highly regulated and are required to maintain reserves to ensure that customers can access their funds whenever they need to withdraw or transfer money. This liquidity and financial stability make banks a secure place for individuals to save their money. Additionally, government-backed deposit insurance schemes in many countries further protect customers' savings up to a certain limit in case the bank faces financial difficulties. This combination of regulations, financial resources, and insurance safeguards contributes to the perception of banks as a secure place to entrust savings.

Q86. Solution:

The maximum period for a term deposit in most banks in India is 10 years. However, some banks may offer term deposits with longer maturities, such as 12 years or 15 years. It is important to note that the maximum maturity period for term deposits may vary depending on the bank and the type of term deposit.

For example, some banks may offer special term deposits for senior citizens or for specific purposes, such as education or retirement planning. These term deposits may have different maturity periods and interest rates than regular term deposits.

Q87. Solution:

Investors can buy and sell units of closed-ended funds from the AMC (Asset Management Company), while open-ended funds can only be traded on the stock exchange.

In open-ended funds, investors can buy and sell units directly from the mutual fund company at the Net Asset Value (NAV) price, and the fund continuously issues and redeems units based on investor demand. Closed-ended funds have a fixed number of units issued through an initial public offering (IPO), and after that, investors can trade these units on stock exchanges like shares, but the fund does not issue or redeem units based on investor demand. This distinction in liquidity is a key difference between the two types of funds.

Q88. Solution:

PMSBY, or Pradhan Mantri Suraksha Bima Yojana, is an accident insurance scheme in India. It provides accidental death and disability coverage to individuals at an affordable premium. This scheme is designed to provide financial protection in case of accidents resulting in death or disability. It is not a savings account, term deposit, or credit card.

Q89. Solution:

JAIIB-CAIIB

A credit card is a financial tool that allows individuals to make purchases on credit, essentially borrowing money from a bank or financial institution. It is not a type of cheque, prepaid card, or deposit account. Instead, it provides a revolving line of credit that cardholders can use to make purchases and then repay the borrowed amount, typically with interest, at a later date.

Q90. Solution:

The correct answer is: D. None of the above Bharat QR transactions do not use physical cards or POS terminals. Instead, they are processed directly to the user's linked bank account using IMPS.

To make a Bharat QR payment, the user simply needs to scan the merchant's QR code using their smartphone. The user's bank app will then open and the user will be able to enter the amount they want to pay and authenticate the transaction using their PIN or fingerprint. Once the transaction is authenticated, the money will be transferred directly from the user's bank account to the merchant's bank account. The user will receive a confirmation message from their bank once the transaction is complete.

Q91. Solution:

Debit cards are typically issued to customers immediately after opening a checking account. The bank will issue a generic card without the customer's name embossed on it. The customer will then need to activate the card and choose a PIN number. Once the card is activated, the customer can use it to make purchases and withdraw cash from ATMs.

The other options are incorrect:

- A. Through online application only: While some banks do allow customers to apply for debit cards online, most banks require customers to visit a branch to open a checking account and receive their debit card.
- B. By visiting the bank branch only: As mentioned above, most banks require customers to visit a branch to open a checking account and receive their debit card. However, some banks may issue debit cards to customers who open accounts online, but the customer will need to visit a branch to pick up the card.
- D. After 6 months of opening an account: Banks do not typically require customers to wait 6 months after opening an account before issuing them a debit card.

Q92. Solution:

Marketing management involves various activities, including the identification of business opportunities, understanding customer needs, and producing products or services according to those needs. These are fundamental components of effective marketing management.

Q93. Solution:

An effective marketing system often features a unified and centralized approach that ensures coordination, consistency, and efficiency in marketing efforts. This helps in streamlining operations, maintaining brand consistency, and optimizing resource allocation. While it's important for a marketing system to adapt and stay competitive, options B (Matching with the progress of foreign companies) and C (High maintenance) are not typically considered fundamental features of an effective marketing system.

Q94. Solution:

Pricing of products and services in banks is mainly driven based on considerations related to Asset Liability Management (ALM). ALM involves managing the balance between a bank's assets (loans and investments) and liabilities (deposits and borrowings) to ensure that the bank can meet its financial obligations while also generating profits. Pricing decisions for products and services are influenced by factors related to managing the bank's assets and liabilities effectively.

Q95. Solution:

Having a good Management Information System (MIS) is significant because it provides a solid foundation and platform for making informed and effective decisions. A well-designed MIS collects, processes, and presents relevant data and information to decisionmakers, enabling them to make sound choices that can lead to better outcomes for the organization. It does not ensure bad decision making, save time and money, or provide baseless information; its primary role is to support and enhance decision-making processes.

Q96. Solution:

In the marketing implementation stage, organizations address questions like "who, where, when, and how" for their offerings. This stage is focused on executing marketing activities in the right manner, and it involves blending people, culture, organizational structure, decision-making processes, and reward systems to ensure effective execution. Skills and cohesive action programs are essential to support the marketing strategies during this phase.

Q97. Solution:

Tactical management in wealth management involves making decisions and selecting the appropriate strategies or approaches to achieve the client's financial goals and objectives. It often involves short to medium-term adjustments to an investment portfolio to take advantage of market conditions or changing circumstances. Tactical management is a key aspect of providing tailored financial solutions to clients.

Q98. Solution:

The Minimum Retention Requirement (MMR) for Mortgage-Backed Securities (MBS) in securitization refers to the portion of the MBS that the issuer (typically a financial institution or lender) is required to retain as part of the securitization process. The MMR is a regulatory requirement aimed at aligning the interests of the issuer with those of the investors in the MBS, promoting responsible lending and reducing the potential for excessive risk-taking.

The specific MMR can vary depending on the regulatory framework in a particular country or region and the type of MBS being issued. For example, in the United States, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, there are different MMR requirements for different types of mortgage-backed securities:

Qualified Residential Mortgages (QRMs): For QRMs, which are considered to be lower-risk mortgage loans, the issuer is required to retain at least 5% of the credit risk associated with the MBS.

Non-QRMs: For non-QRMs, which are considered higher-risk mortgage loans, the issuer is required to retain at least 5% of the credit risk unless certain conditions are met, in which case the MMR may be higher.

These regulations were put in place to ensure that issuers have "skin in the game" and are exposed to potential losses on the MBS they issue, which can help discourage the issuance of overly risky loans.

It's important to note that MMR requirements can evolve and vary by jurisdiction, so it's essential to refer to the specific regulations in place at the time of a securitization transaction to determine the applicable MMR.

Q99. Solution:**I. Aadhaar verification**

Unified Payments Interface (UPI) is a real-time payment system in India that allows users to send and receive money using their mobile phones. Among the options provided:

I. Aadhaar verification: Aadhaar verification is not a direct feature of UPI. UPI primarily focuses on enabling peer-to-peer and peer-to-merchant payments. Aadhaar verification is a separate process related to verifying an individual's identity using their Aadhaar number.

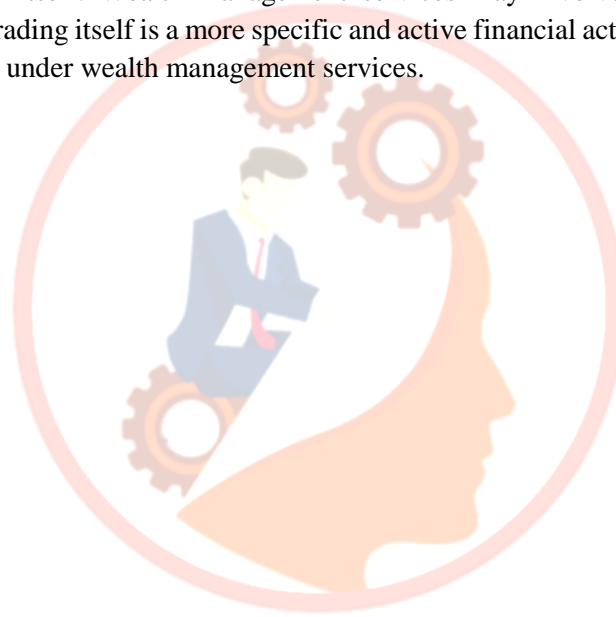
II. Standing instruction: UPI does support standing instructions, allowing users to set up recurring payments or automatic transfers. **III. Merchant payments:** UPI is widely used for merchant payments, allowing users to pay for goods and services at various establishments. **IV. Immediate Payment Service (IMPS):** IMPS is a related

service, but it is not part of UPI. IMPS is a separate system that allows for real-time interbank electronic funds transfer in India.

Q100. Solution:

Wealth management services typically include services related to managing and growing an individual's wealth. Here's a brief explanation of each option:

- A. **Investment planning:** This is part of wealth management and involves making strategic decisions about how to invest your wealth to achieve your financial goals.
- B. **Retirement planning:** This is an essential component of wealth management, focusing on saving and investing to secure a comfortable retirement.
- C. **Tax planning:** Tax planning is an integral part of wealth management as it helps individuals minimize their tax liabilities and optimize their financial situation.
- D. **Stock Trading:** While stock trading can be a way to grow wealth, it is not typically considered a wealth management service in itself. Wealth management services may involve advising clients on their stock investments, but stock trading itself is a more specific and active financial activity. So, option D, Stock Trading, does not typically come under wealth management services.



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