

# **SHRI GURUNANAK DEGREE COLLEGE PREET VIHAR RUDRAPUR**

**B.Com - III Semester**

**B.VOC.-03 Financial Literacy & Banking**

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## **SECTION A – LONG ANSWER TYPE QUESTIONS**

### **Unit I: Functions of Indian Banking, KYC Norms, Deposits and Products**

1. Explain the recent trends in Indian banking and their significance.
2. Describe the major functions of the Reserve Bank of India.
3. Discuss the importance and procedure of KYC norms in Indian banking.
4. What are the various types of deposits? Explain with examples.
5. Analyze the different financial products offered by banks in India.
6. How has digitalization changed the structure and operations of banks?
7. Evaluate the regulatory framework governing Indian banking.
8. Compare public and private sector banks in terms of services offered.
9. Explain the importance of financial inclusion in the Indian banking system.
10. Discuss the role of banks in economic development.

### **Unit II: Types of Deposits, Products, and KYC**

1. Differentiate between demand deposits and time deposits.
2. What are the features of recurring and fixed deposit accounts?
3. Explain the various customer identification procedures under KYC.
4. Describe the impact of KYC norms on reducing financial frauds.
5. What are the challenges banks face in implementing KYC?
6. Evaluate the effectiveness of technology in streamlining KYC processes.
7. What products are offered by banks for rural customers?
8. Discuss the advantages and disadvantages of savings accounts.

9. Analyze the process and benefits of digital KYC.
10. Describe how banks identify high-risk customers and mitigate risks.

### **Unit III: Customers, Accounts, Loans, and Cheques**

1. Explain the types of customers and the procedures for opening their accounts.
2. Describe the different types of bank accounts available.
3. What are the key components of a loan agreement?
4. Discuss the various types of loans provided by banks.
5. Explain the process of issuing and clearing cheques.
6. Compare secured and unsecured loans.
7. What are the rights and duties of a bank customer?
8. How do banks assess creditworthiness of loan applicants?
9. Explain the measures to avoid cheque frauds.
10. Discuss the role of technology in managing customer accounts.

### **Unit IV: Fund Transfers, E-Banking, Debit/Credit Cards**

1. Explain the process and importance of electronic funds transfer.
2. Describe the various methods of cashless payments.
3. What are the advantages and risks of e-banking?
4. Differentiate between debit and credit cards with examples.
5. Discuss the role of RTGS and NEFT in banking.
6. Explain the concept of bank secrecy and its relevance today.
7. Analyze the impact of digital banking on customer satisfaction.
8. What are the steps involved in an online transaction?
9. Describe the security measures used in electronic banking.
10. Discuss the future of cashless economy in India.

### **Unit V: Financial Planning and Ethics**

1. What is financial planning? Explain its importance for individuals.
  2. Describe the steps involved in preparing a financial plan.
  3. How do ethics influence financial decision-making?
  4. Discuss the role of financial professionals in advising clients.
  5. What are the legal and ethical responsibilities of bankers?
  6. Explain the concept of financial literacy and its impact on society.
  7. Discuss the ethical dilemmas in financial services.
  8. Evaluate the importance of goal-based financial planning.
  9. How can mis-selling of financial products be prevented?
  10. What is professional integrity in financial services?
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## **SECTION B – SHORT ANSWER TYPE QUESTIONS**

### **Unit I**

1. Define banking.
2. What are the functions of a commercial bank?
3. Mention any two types of deposits.
4. What is financial inclusion?
5. State any two recent trends in banking.
6. Write a short note on scheduled banks.
7. What is the role of RBI?
8. Explain KYC briefly.
9. Define cooperative banks.
10. What are the benefits of banking?

### **Unit II**

1. What is a fixed deposit?
2. Define current account.
3. List two KYC documents required.
4. What is the objective of KYC norms?
5. Mention two types of deposit accounts.
6. Define savings account.
7. Write a short note on recurring deposit.
8. State two limitations of KYC.
9. What is the full form of KYC?
10. Mention any two financial products.

### **Unit III**

1. Who is a bank customer?
2. Define secured loan.
3. What is a cheque?
4. What is overdraft facility?
5. Write a short note on loan classification.
6. Define personal loan.
7. What is a joint account?
8. Mention any two features of a current account.
9. What is a credit report?
10. Define EMI.

### **Unit IV**

1. What is NEFT?

2. What is RTGS?
3. Define e-banking.
4. What is an ATM?
5. Define credit card.
6. What is IMPS?
7. State any two benefits of e-banking.
8. Write a short note on cashless economy.
9. Define fund transfer.
10. What is the difference between debit and credit card?

## Unit V

1. Define financial planning.
  2. What is financial literacy?
  3. Mention any two steps in financial planning.
  4. What is professionalism?
  5. Define financial ethics.
  6. State two reasons why ethics are important in banking.
  7. What is a financial goal?
  8. Write a short note on budget planning.
  9. What is personal finance?
  10. Mention two ethical issues in finance.
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## SECTION C – MULTIPLE CHOICE QUESTIONS (MCQs)

### Unit I

1. Which is the apex bank of India?  
a) SBI b) ICICI c) RBI d) HDFC  
**Ans: c**
2. KYC stands for:  
a) Know Your Customer  
b) Keep Your Card  
c) Know Your Cash  
d) Keep Your Credit  
**Ans: a**
3. Banks are regulated by:  
a) SEBI b) IRDA c) RBI d) Ministry of Finance  
**Ans: c**

4. Financial inclusion aims at:
- a) Rich people
  - b) Senior citizens
  - c) Urban areas
  - d) Providing services to the unbanked

**Ans: d**

5. Which of these is a type of deposit?
- a) Savings
  - b) Fixed
  - c) Recurring
  - d) All of the above

**Ans: d**

6. Which type of bank deals with foreign exchange?
- a) Retail bank
  - b) Commercial bank
  - c) Cooperative bank
  - d) Forex bank

**Ans: d**

7. The term CRR refers to:
- a) Cash Return Ratio
  - b) Cash Reserve Ratio
  - c) Credit Ratio Reserve
  - d) Capital Reserve Rate

**Ans: b**

8. What does the term “banking ombudsman” refer to?
- a) Bank CEO
  - b) Complaint redressal authority
  - c) Loan officer
  - d) None of the above

**Ans: b**

9. Which bank is known as the banker to the government?
- a) HDFC
  - b) ICICI
  - c) RBI
  - d) Axis Bank

**Ans: c**

10. Which of the following is a recent digital banking trend?
- a) Passbook printing

- b) Cheque usage
- c) Mobile banking
- d) Demand drafts

**Ans: c**

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## **Unit II – Types of Deposits, Products, and KYC**

11. What type of account is best for daily transactions?

- a) Fixed Deposit
- b) Current Account
- c) Savings Account
- d) Recurring Deposit

**Ans: b**

12. Which of these is NOT a valid KYC document?

- a) Aadhaar Card
- b) PAN Card
- c) Voter ID
- d) College ID

**Ans: d**

13. Which of the following is a time deposit?

- a) Savings account
- b) Fixed deposit
- c) Current account
- d) Demand deposit

**Ans: b**

14. What is the primary purpose of KYC?

- a) Approve loans
- b) Reduce paperwork
- c) Prevent money laundering
- d) Offer credit cards

**Ans: c**

15. Which deposit account provides high interest for a fixed period?

- a) Savings
- b) Fixed deposit
- c) Current
- d) NRI account

**Ans: b**

16. Which is a recurring deposit feature?

- a) One-time deposit
- b) No maturity
- c) Monthly fixed deposits
- d) Overdraft facility

**Ans: c**

17. Which is an essential part of the KYC process?

- a) Payment of service tax
- b) Online transactions
- c) Verification of identity and address
- d) Loan disbursement

**Ans: c**

18. Which product is best for saving a lump sum amount?

- a) Current account
- b) Recurring deposit
- c) Fixed deposit
- d) Savings account

**Ans: c**

19. KYC guidelines are mandated by:

- a) SEBI
- b) RBI
- c) IRDA
- d) Ministry of Finance

**Ans: b**

20. Which deposit type allows withdrawal without penalty?

- a) Fixed deposit
- b) Recurring deposit
- c) Savings account
- d) Term deposit

**Ans: c**

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### **Unit III – Customers, Accounts, Loans, and Cheques**

21. A joint account is operated by:

- a) Single person only

- b) Government only
- c) Two or more individuals
- d) Bank staff only

**Ans: c**

22. Which of these is a secured loan?

- a) Personal loan
- b) Credit card loan
- c) Car loan
- d) Education loan (without collateral)

**Ans: c**

23. Which document is essential to open a bank account?

- a) Electricity bill
- b) Income certificate
- c) KYC documents
- d) Tax return

**Ans: c**

24. EMI stands for:

- a) Electronic Money Investment
- b) Equated Monthly Installment
- c) Electronic Monthly Insurance
- d) Easy Money Instruction

**Ans: b**

25. A cheque is a:

- a) Time deposit
- b) Loan document
- c) Negotiable instrument
- d) Statement of account

**Ans: c**

26. What is a bounced cheque?

- a) Cheque with spelling errors
- b) Cheque deposited late
- c) Cheque dishonored due to insufficient funds
- d) Cheque used for foreign transactions

**Ans: c**

27. Loan taken for buying a home is:

- a) Consumer loan
- b) Housing loan
- c) Vehicle loan



d) Gold loan

**Ans: b**

28. A current account is generally used by:

a) Students

b) Housewives

c) Businesses

d) Pensioners

**Ans: c**

29. Which of the following can be a customer of a bank?

a) Minor

b) Trust

c) Partnership firm

d) All of the above

**Ans: d**

30. The drawer of a cheque is:

a) The person who signs it

b) The bank that issues it

c) The payee

d) The government

**Ans: a**

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## Unit IV – Fund Transfers, E-Banking, Debit/Credit Cards

31. NEFT stands for:

a) National Electronic Fund Transfer

b) New Electronic Funds Transfer

c) National Efficient Fund Transfer

d) None of these

**Ans: a**

32. Which of the following is an online banking service?

a) RTGS

b) UPI

c) NEFT

d) All of the above

**Ans: d**

33. ATM stands for:

- a) Any Time Money
- b) Automatic Teller Machine
- c) Automated Teller Machine
- d) All of the above

**Ans: c**

34. Debit cards are linked to:

- a) Credit account
- b) Loan account
- c) Savings or current account
- d) Fixed deposit

**Ans: c**

35. Which one allows withdrawing more than the account balance?

- a) Debit card
- b) Credit card
- c) ATM card
- d) Cheque

**Ans: b**

36. Which of these ensures fund transfer 24/7 instantly?

- a) RTGS
- b) NEFT
- c) UPI
- d) Cheque

**Ans: c**

37. What is a virtual card?

- a) Paper-based card
- b) Duplicate card
- c) Online-only card without physical form
- d) Unused card

**Ans: c**

38. IMPS stands for:

- a) Immediate Payment Service
- b) Instant Mobile Payment System
- c) Indian Money Payment Solution
- d) Internet Monetary Payment System

**Ans: a**

39. Fund transfer using UPI requires:

- a) ATM card

- b) Bank passbook
- c) UPI ID or mobile number
- d) PAN card

**Ans: c**

40. Which of the following is NOT a benefit of e-banking?

- a) 24/7 access
- b) High transaction cost
- c) Instant fund transfer
- d) Convenience

**Ans: b**

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## Unit V – Financial Planning and Ethics

41. Financial planning helps in:

- a) Spending money randomly
- b) Avoiding investments
- c) Achieving financial goals
- d) Avoiding insurance

**Ans: c**

42. Which of the following is a step in financial planning?

- a) Ignoring inflation
- b) Setting unrealistic goals
- c) Identifying financial goals
- d) Avoiding savings

**Ans: c**

43. Financial literacy is the ability to:

- a) Earn more income
- b) Understand and manage money
- c) Save all income
- d) Avoid banks

**Ans: b**

44. Ethics in finance are essential for:

- a) Misleading customers
- b) Increasing fraud
- c) Building trust
- d) Reducing profits

**Ans: c**

45. Which of the following is an unethical financial practice?

- a) Transparent policies
- b) Mis-selling insurance
- c) Proper disclosure
- d) Fair interest rates

**Ans: b**

46. What does a financial goal refer to?

- a) A savings bank account
- b) A specific target for money management
- c) Loan from bank
- d) Spending freely

**Ans: b**

47. Professionalism in finance means:

- a) Hiding facts
- b) Violating client trust
- c) Providing honest and quality services
- d) Prioritizing personal gain

**Ans: c**

48. Budgeting is the process of:

- a) Investing in stocks
- b) Planning expenses and income
- c) Avoiding expenses
- d) None of the above

**Ans: b**

49. Which of the following improves financial literacy?

- a) Reading news
- b) Attending workshops
- c) Watching movies
- d) Playing games

**Ans: b**

50. Financial ethics include:

- a) Misuse of funds
- b) Insider trading
- c) Transparency and integrity
- d) Forgery

**Ans: c**

