

BANKING TERMS & ABBREVIATIONS

1) What do you know by currency chest?

Currency chests are operated by RBI so that they can provide good quality currency notes to the public. However, RBI has appointed commercial banks to open and monitor currency chests on behalf of RBI. The cash kept in currency chests is considered to be kept in RBI.

2) What is a small coin depot?

The bank branches are also authorised to establish Small Coin Depots to stock small coins. The Small Coin Depots also distribute small coins to other bank branches in their area of operation.

3) What are soiled, mutilated and imperfect banknotes?

1. "Soiled note" means a note which, has become dirty due to usage and also includes a two piece note pasted together wherein both the pieces presented belong to the same note, and form the entire note.
2. Mutilated banknote is a banknote, of which a portion is missing or which is composed of more than two pieces.
3. Imperfect banknote means any banknote, which is wholly or partially, obliterated, shrunk, washed, altered or indecipherable but does not include a mutilated banknote.
- 4.

Q.1 what is an Automated Teller Machine (ATM)?

Ans. Automated Teller Machine is a computerized machine that provides the customers of banks the facility of accessing their account for dispensing cash and to carry out other financial & non-financial transactions without the need to actually visit their bank branch.

Q.2 What is White Label ATMs (WLAs)?

Ans. ATMs set up, owned and operated by non-banks are called White Label ATMs. Non-bank ATM operators are authorized under Payment & Settlement Systems Act, 2007 by the Reserve Bank of India.

Q.3 What is Personal Identification Number (PIN)?

Ans. PIN is the numeric password which is separately mailed / handed over to the customer by the bank while issuing the card. Most banks require the customers to change the PIN on the first use. Customer should not disclose PIN to anybody, including to bank officials. Customers should change the PIN at regular intervals.

Q.4. Is the customer charged for ATM transactions?

Ans. With effect from November 01, 2014, Savings bank account holders can do a minimum of three transactions (including both financial and non-financial transactions) free of charge in a month at other bank

ATMs in case of ATMs located in six metro locations, viz. Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad. At other locations, the savings bank account holders can transact a minimum of five transactions (including both financial and non-financial transactions) free of charge in a month at other bank ATMs. Similarly, Basic Savings Bank Deposit Account holders will continue to get five free transactions. Banks on their own can decide to offer more number of transactions free of cost to their customers. In case of charges to be levied on customers, the customer can be charged a maximum of Rs. 20/- per transaction (plus service tax, if any) by his/her bank.

Q.5 What should a customer take in case of failed ATM transaction at other bank/white label ATMs, when his / her account is debited?

Ans. The customer should file a complaint with the card issuing bank at the earliest. This process is applicable even if the transaction was carried out at another bank's/non-bank's ATM. In case of WLAs, the contact

DICGC (Deposit Insurance and Credit Guarantee Corporation of India)

1. Which banks are insured by the DICGC?

Commercial Banks: All commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by the DICGC.

2. What does the DICGC insure?

In the event of a bank failure, DICGC protects bank deposits that are payable in India. The DICGC insures all deposits such as savings, fixed, current, recurring, etc. except the following types of deposits.

- (i) Deposits of foreign Governments;
- (ii) Deposits of Central/State Governments;
- (iii) Inter-bank deposits;
- (iv) Deposits of the State Land Development Banks with the State co-operative bank;

Banking ombudsman scheme

1) The Banking Ombudsman Scheme enables a bank customer for filing of complaints relating to certain services rendered by banks.

2) The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services.

3) All Scheduled Commercial Banks, Regional Rural Banks and Scheduled Primary Co-operative Banks are covered under the Scheme.

4) The Banking Ombudsman does not charge any fee for filing and resolving customers' complaints.

5) The maximum compensation which a BO can help a complainant to get is Rs. 10 lakhs.



6) If a complaint is not settled by an agreement within a period of one month, the Banking Ombudsman proceeds further to pass an award. Before passing an award, the Banking Ombudsman provides reasonable opportunity to the complainant and the bank, to present their case.

7) If one is not satisfied with the decision passed by the Banking Ombudsman, one can approach the appellate authority who is the Deputy Governor of the RBI

Bridge Loan:-A loan made by a bank for a short period to make up for a temporary shortage of cash. Bridge loan covers this period between the buying the new and disposing of the old one.

Credit Authorization Scheme:-Credit Authorization Scheme was introduced in November, 1965 when P C Bhattacharya was the chairman of RBI. Under this instrument of credit regulation RBI as per the guideline authorizes the banks to advance loans to desired sectors

Open Market Operations:-An open market operation is an instrument of monetary policy which involves buying or selling of government securities from or to the public and banks.

Moral Suasion:-Moral Suasion is just as a request by the RBI to the commercial banks to take so and so action and measures in so and so trend of the economy. RBI may request commercial banks not to give loans for unproductive purpose which does not add to economic growth but increases inflation.

Special Drawing Rights (SDRs):-It is a reserve asset (known as 'Paper Gold') created within the framework of the International Monetary Fund in an attempt to increase international liquidity, and now forming a part of countries official forex reserves along with gold, reserve positions in the IMF and convertible foreign currencies.

Bouncing of a cheque:

Where an account does not have sufficient balance to honour the cheque issued by the customer, the cheque is returned by the bank with the reason "funds insufficient" or "Exceeds arrangement". This is known as 'Bouncing of a cheque'.

Demat Account: The term "demat", in India, refers to a dematerialised account for individual Indian citizens to trade in listed stocks or debentures.

Endorsement: When a Negotiable Instrument contains, on the back of the instrument an endorsement, signed by the holder or payee of an order instrument,

transferring the title to the other person, it is called endorsement.

Merchant Banking : When a bank provides to a customer various types of financial services like accepting bills arising out of trade, arranging and providing underwriting, new issues, providing advice, information or assistance on starting new business, acquisitions, mergers and foreign exchange.

Money Laundering The process of creating the appearance that large amounts of money obtained from

1. **serious crimes**, such as drug trafficking or terrorist activity, originated from a legitimate source.

Mortgage: Transfer of an interest in specific immovable property for the purpose of offering a security for taking a loan or advance from another. It may be existing or future debt or performance of an agreement which may create monetary obligation for the transferor (mortgagor).

GAAR: The full form of GAAR is : General Anti-Avoidance Rules. Tax Avoidance is an area of concern across the world. The rules are framed in different countries to minimize such avoidance of tax. It is a set of general rules enacted so as to check the tax avoidance. BPLR: In banking parlance, the BPLR means the

Benchmark Prime Lending Rate. However, with the introduction of Base Rate (explained below), BPLR has now lost its importance and is made applicable normally only on the loans which have been sanctioned before the introduction of Base Rate (i.e. July 2010).

Prime Lending Rate (PLR): The rate at which banks lend to their best (prime) customers. It is usually less than normal interest rate.

Wholesale Banking: Wholesale banking is different from Retail Banking as its focus is on providing for financial needs of industry and institutional clients.

Capital Adequacy Ratio (CAR):- Capital adequacy ratio measures the amount of a bank's capital expressed as a percentage of its credit exposure. Globally, the capital adequacy ratio has been developed to ensure banks can absorb a reasonable level of losses before becoming insolvent. Indian banks are expected to maintain a minimum capital adequacy ratio of 9 per cent (Rs 9 as capital for every Rs 100 in loan or asset)

Asset - Liability Mismatch:-In finance, an assets liabilities asset-liability mismatch occurs when the financial terms of an institution's and do not correspond.



What is Asset Management Companies?

A company that invests its clients' pooled fund into securities that match its declared financial objectives. Asset management companies provide investors with more diversification and investing options than they would have by themselves. Mutual funds, hedge funds and pension plans are all run by asset management companies. These companies earn income by charging service fees to their clients.

What is Liquidity Adjustment Facility(LAF)?

A tool used in monetary policy that allows banks to borrow money through repurchase agreements. This arrangement allows banks to respond to liquidity pressures and is used by governments to assure basic stability in the financial markets.

What is Bancassurance?

It is the term used to describe the partnership or relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel in order to sell insurance products.

What is Balance of Trade?

The value of a country's exports minus the value of its imports. Unless specified as the balance of merchandise trade, it normally incorporates trade in services, including earnings (interest, dividends, etc.) on financial assets.

What is Balance of Payments?

A list of all of a country's international transactions for a given time period, usually one year. Payments into the country (receipts) are entered as positive numbers, called credits; Payments out of the country (payments) are entered as negative numbers called debits. A single numbers summarize all of a country's international transactions: the balance of payments surplus.

What is NOSTRO Account?

A Nostro account is maintained by an Indian Bank in the foreign countries.

What is VOSTRO Account?

Vostro account is maintained by a foreign bank in India with their corresponding bank.

What is IMPS?

Immediate Payment Service. It is an instant interbank electronic fund transfer service through mobile phones. Both the customers must have MMID (Mobile Money Identifier Number). For this service, we don't need any GPS-enabled cell phones.

What is BCBS?

Basel Committee on Banking Supervision is an institution created by the Central Bank governors of the Group of Ten nations.

What is LIBOR?

London InterBank Offered Rate. An interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

What is STRIPS?

Separate Trading for Registered Interest & Principal Securities.

What do you mean by term "CASA" related to bank?

CASA stands for Current Account Savings Account. The CASA ratio shows how much deposit a bank has in the form of current and saving account deposits in the total deposit. A higher CASA ratio means better operating efficiency of the bank because on current account there is no interest payable whereas on savings account a tiny 3.5% interest is payable by the bank. CASA ratio shows how much of the deposit of the bank comes from the current and savings deposit.

What is CBS?

CBS stands for CORE banking solutions under which the branches of the banks are interconnected with each other through intra net with a central database server. Now, with this facility, a person having an account in a certain branch of the bank can operate from any other branch of the same bank. He need not visit the same branch to operate his account. The CORE word in CBS stands for Centralized Online Real time Exchange.

What is Inflation?

Ans. The rise in the prices of goods or service in an economy over a certain period of time is known as inflation.

Name the types of "Inflation"?

Wage inflation
Price power inflation
Cost-push inflation
Sectorial inflation
Stagflation
Mild inflation
Hyper-inflation

What are the effects of "Inflation"?

Ans. Following are the effect of inflation:-

It decreases the real value of money

2. It discourage investment and savings
3. It leads to shortage of goods
4. Mitigate economic recessions
5. Reduces the level of debt
- 6.



What is “Money Laundering”?

The process of converting illegal money into legal money is Money Laundering. According to Section 3 of the Prevention of Money laundering Act 2002 as: “Whosoever directly or indirectly attempts to indulge or knowingly assists or is involved in any process or activity connected with the proceeds of crime and is projecting it as the untainted property shall be guilty of the offence of money laundering”.

What do you mean by narrow banking?

It is the system of banking under which the bank accepts deposits from the public and places the funds accepted in 100 percent risk free assets with maturity matching for its liabilities. The bank takes no risk of lending at all.

IFSC (Indian Financial System Code):

Indian Financial System Code is an alpha-numeric code that uniquely identifies a bank-branch participating in the NEFT system. This is an 11 digit code with the first 4 alpha characters representing the bank, The 5th character is 0 (zero).and the last 6 characters representing the bank branch.

For ex: PNB0014976 :

- i. First 4 character PNB0 – refers to Punjab National Bank.
- ii. 0 is a control number.
- iii. last six characters (014976) represents the PNB branch kurshi Road, Luck now.

MICR – Magnetic ink character Recognition :-

MICR is 9 digit numeric code that uniquely identifies a bank branch participating in electronic clearing scheme. Used to identify the location of a bank branch. City (3) Bank (3) Branch (3) The MICR code is allotted to a bank branch is printed on the MICR band of cheques. MICR used for electronic credit system.

SWIFT Code :-

Society for Worldwide Interbank financial telecommunication India was 74th Nation to join SWIFT Network.

SWIFT Code is a standard format of bank Identifier code. This code is used particularly in International transfer of money between banks. A majority of FOREX related message are sent to correspondent banks abroad through SWIFT.

SWIFT Code consist 8 or 11 character when code is 8 digit,

It is referred to primary office

- 4 – bank code
- 2 – country code
- 2 – location code
- 3 – branch code (optional)

PSBs: PUBLIC SECTOR BANKS

2. SNBCs: SCHEDULE NON COMMERCIAL BANKS
3. SENSEX: SENSITIVE INDEX OF STOCK EXCHANGE
4. GNP: GROSS NATIONAL PRODUCT
5. KYC: KNOW YOUR CUSTOMER
6. RTGS: REAL TIME GROSS SETTLEMENT
7. NEFT: NATIONAL ELECTRONIC MONEY TRANSFER
8. EFT: ELECTRONIC FUND TRANSFER
9. CBS: CORE BANKING SOLUTIONS
10. LIBOR: LONDON INTERBANK OFFERED RATE
11. MIBOR: MUMBAI INTERBANK OFFERED RATE
12. MIBID: MUMBAI INTERBANK BID RATE
13. SARFAESI: SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST
14. CAMELS: CAPITAL ADEQUECY RATIO, ASSET QUALITY, MANAGEMENT OF EFFECTIVENESS, EARNING OF PROFITABILITY, LIQUIDITY, SYSTEM AND CONTROLS
15. CAR: CAPITAL ADEQUECY RATIO
16. FIIs: FOREIGN INSTITUTIONAL INVESTMENTS
17. FDI: FOREIGN DIRECT INVESTMENT
18. IPO: INITIAL PUBLIC OFFERING
19. MICR: MAGNETIC INK CHARACTER READER
20. BIRD: BANKERS INSTITUTE OF RURAL DEVELOPMENT
21. IBA: INDIAN BANK ASSOCIATION
22. BPLR: BENCHMARK PRIME LENDING RATE
23. ICICI: INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA
24. HDFC: HOUSING DEVELOPMENT FINANCE CORPORATION
25. SWOT: STRENGTH, WEAKNESSES, OPPORTUNITIES AND THREATS
26. SWIFT: SOCIETY FOR WORLDWIDE INTERBANK FINANCIAL TELECOMMUNICATION
27. FERA: FOREIGN EXCHANGE REGULATORY ACT
28. FEMA: FOREIGN EXCHANGE MANAGEMENT ACT
29. CASA: CURRENT AND SAVING ACCOUNT
30. NDTL: NET DEMAND AND TIME LIABILITIES
31. NASDAQ: NATIONAL ASSOCIATION FOR SECURITIES DEALERS AUTOMATED QUOTATIONS
32. CRISIL: CREDIT RATING AND INVESTMENT SERVICES INDIA LIMITED
33. CIBIL: CREDIT INFORMATION BUREAU OF INDIA LIMITED
34. NAV: NET ASSET VALUE
35. ICRA: INDIAN CREDIT RATING AGENCY
36. CARE: CREDIT ANALYSIS AND RESEARCH LIMITED
37. WMAs: WAYS AND MEANS ADVANCES
38. ALM: ASSET LIABILITY MANAGEMENT
39. INFINET INDIAN FINANCIAL NETWORK



40. OLTAS - On-line Tax Accounting System (OLTAS) for Direct Taxes
41. TIN - Tax Information Network (TIN)
42. IMPS - Interbank Mobile Payment Service (IMPS) or Immediate Payment Service
43. CDR- Corporate Debt Restructuring
44. CAD- Capital Account Deficit
45. REITs: Real Estate Investment Trusts
46. InvITs: Infrastructure Investment Trusts
47. ALM- Asset Liability Management
48. ASBA: Application Supported by Blocked Amount
49. CBS: Core Banking Solution
50. PIN: Personal Identification Number
51. CCEA – Cabinet Committee on Economic Affairs
52. CECA - Comprehensive Economic Cooperation Agreement
53. CEPA – Comprehensive Economic Partnership Agreement
54. DTAA – Double Taxation Avoidance Agreement
55. ECBs - External Commercial Borrowings
56. EFSF – European Financial Stability Facility
57. FINO- Financial Inclusion Network Operation
58. FIPB – Foreign Investment Promotion board
59. FSLRC – Financial Sector Legislative Reforms Commission
60. CRAR: Capital to Risk-weighted Assets Ratio
61. LCR: Liquidity Coverage Ratio
62. TARC - Tax Administration Reform Commission
63. GIRO - Government Internal Revenue Order
64. FRBMA: Fiscal Responsibility and Budget Management Act
65. AMFI- Association of Mutual Fund in India.
66. TIEA – Tax Information exchange Agreement
67. GAAR - General anti avoidance rule
68. GSLV - Geo-Synchronous Launch Vehicle
69. PPP – Public Private Partnership & Purchasing Power Parity
70. PSLV – Polar Satellite Launch vehicle
71. TAPI - Turkmenistan-Afghanistan-Pakistan-India.
72. QFI -Qualified Foreign Investors
73. AD-Authorized Dealer.
74. ASSOCHAM-Associated Chambers of Commerce and Industry of India.
75. BCSBI-Banking Codes and Standards Board of India.
76. BIS-Bank for International Settlements.
77. CDS-Credit Default Swap.
78. CEPA-Comprehensive Economic Partnership Management.
79. FIMMDA-Fixed Income Money MARKETS and Derivatives Association.
80. FPI-Foreign Portfolio Investment.
81. IBRD-International Bank For Reconstruction And Development.

82. UIDAI-Unique Identification Authority of India