Banking Interview Concepts To Avoid Rejection

It is mandatory to prepared well for final round i.e. Interview to get the post in the banking sector. It carries 100 marks in the exam. The minimum marks which are required to qualify for this round is 40% for general category and 35% for other category candidates.

The Interview round is the test to check the candidates' personality, capability, potential which make them worthy of holding a position. Interview helps you to know about your strength and weakness, leadership qualities will power through your speaking skills.

Before providing a complete guidance of IBPS Interview round, below we have mentioned a set of questions which are generally asked in face to face interview: –

- Tell me something about yourself?
- What is the reason you come to this side (Banking Sector)? (If a candidate is from an engineering or other backgrounds)
- Questions can be asked based on your education.
- Strength and weakness of your personality.
- Why are you opting for the banking sector?
- Why should we select you? What qualities do you have that others don't have?
- If you get a posting far away from your hometown, will you work?

We have mentioned all the Bank related topics which are generally asked by the participating organizations. The list of that topics: –

- The principle of Core Banking
- Bank Functions, Types of Cheque, bank account, risks

- Reserve Bank of India (RBI)
- Financial System of Banks
- Priority Sector Banks and Mutual Funds
- Bank KYC, Types of ATMs, Banking Channels

Let’s start the first chapter!

The principle of Core Banking

The Centralized Online Real-time Exchange banking (Core Banking) is a banking service in which you can access your bank account from any branch of your bank. It is a web-based solution that helps the banks to solve the problems and provide many services such as calculating interest, making and servicing loans, opening up brand new accounts, establishing Interest Rates and keeping a track of records for all the bank transactions to the customers.

The banking system works on five basic principles of core banking: –

- Intermediation
- Profitability
- Trust
- Liquidity
- Solvency

Intermediation

The Bank works as a “financial Intermediaries” who provide a fund to the loan takers from depositors.

Many people who have extra money and they are not used immediately. They need a safe place from where they can easily access their money and get it back anywhere/ anytime when required. Those people can open a bank account and safely keep their money.

Generally, You would see that most of the people take a Loan for the purpose of business, education, medical, personnel when they need extra money. Those people go to the bank and can take money (loan) for a period of time.

Imagine, if a bank doesn’t play a role of intermediator means banks don’t provide loans and don’t keep extra money, then where would you go? Hence, Bank plays a very important role between the depositors and borrowers.

Profitability

Every business needs profit for a business growth and to survive in the market. If your financial system is stable, then your market risk will be less.

Banks are one of those which provide services such as bank statements, locker services, AC Banks, ATMs, loans, Branches to the customers as per their requirement and takes some fee in return as charges or interests so that it can deliver best facilities to the customers.

Thus, earning profits is very essential for a bank to be able to continue its operations.

Trust

A bank can’t survive without the trust of customers. Think about it – why you will deposit your money in a bank when your money will not be safe. So, the trust factor is very important in the banking field. you deposit your earned money in your bank because you know: –

No one can use your money. When You need your money, you can go to bank's branch and get your money easily.

Bank provides you some interest in return.

This is the trust you have on your bank that it is taking care of your money.

Liquidity

Generally, people don't know about the term of Liquidity. Some questions arrive in their mind such as what is the liquidity? Why is it so important?

In the banking sector, Liquidity is the ability to convert an asset into cash. It is also an ability to buy or sell a security without affecting the asset's price.

Imagine, you want to withdraw your money for any purpose and your bank says they don't have cash. That will be wrong. Thus, the banks always have cash so that when you need your money, you can withdraw easily. Bank has the ability to provide immediate loans, cash through ATMs, the big amount on maturity of Fix Deposit (FDs) because of the liquidity.

In one word – Immediate availability of cash – to pay off short-term obligations – is liquidity.

Solvency

You can say that solvency is the just opposite from liquidity. It is the ability to meet long-term obligations. The long-term ability can be debenture, bonds, shares issued, Government Employees' Pensions and retirement funds etc. It is a very important financial parameter for any business purpose.

Types of Functions

There are 2 types of bank functions.

- Primary Functions
- Secondary Functions

Primary Functions

Primary functions help to manage the economy of the country. It includes accepting deposit and granting loans & advances. The details of primary functions are given below: –

Accepting Deposits

In accepting deposits, banks secure the customers' money and provide actual investment with interest while customers can get loans through the granting loans function.

Saving Deposit – It is a personal account in which customers can save their earing and get interest by their bank.

Fixed Deposit – A person can deposit a fixed amount once for a certain period of time.

Current Account – It is used for business purpose.

Recurring Deposit – A person can deposit a fixed amount every month for a certain period of time.

Granting Loans and Advances

Cash Credit – It is a short-term loan facility which takes for a Home Loan and other property.

Bank Overdraft – Current account holders can take a loan through Bank overdraft.

Loans – It is a short-term and long-term facility for various purpose such as education, medical etc.

Discounting Bills – In daily business, a seller sends bills and seller can get discount through these bills by a bank.

Secondary Function

It is also an important function which provides many other services such as fund transfer, cheque facility, locker facility etc. It is divided into two parts.

Agency Functions

- Funds Transfer
- Cheques Collection
- Periodic Payments/ Collection
- Portfolio Management

Utility Functions

- Locker facility

- Underwriting of shares
- Dealing in foreign exchanges
- Project reports
- Social welfare programs

Types of Bank Account

A bank account is a monetary account with a banking institution recording the balance of money for a customer. There are many types of bank account: –

- Saving Account
- Current Account
- Recurring Deposit Account
- Fixed Deposit Account
- FCNR Deposit Account
- NRO & NRE Account

Saving Account

Saving account is a most popular kind of individual account in which a person can save money for personal use. It cannot be used for the business transaction. A person can open a saving account single or jointly.

In Saving Accounts, a person needs to keep the minimum balance to maintain these account by the bank. Normally, 1000 INR is required for it, but some banks open it in zero balance. Salary account is an exception in it.

Bank doesn’t allow to do the unlimited free transaction for saving account. An account holder can withdraw 4 times in a month through ATMs without any charge after that bank will charge some fee for it.

Customers receive interest in return from the bank when they deposit their extra money. In India, banks provide the minimum interest of 3.5% and maximum interest of 8%.

Current Account

The current account is just opposite from the saving account. It is used for the business transaction and business purpose only. It doesn’t require to keep a minimum balance in the account and you can make many transactions in a month without any charges through ATM.

In the current account, you will not get any interest. There are two types of current account: –

Individual current account - small business transaction under name of the person.

Corporate current account - big business transaction under the name of the company.

Recurring Deposit Account

When a customer pays a fixed amount every month for a certain period of time, then this type of account is called Recurring Deposit Account. RD account can be opened for a minimum 6 month and maximum 10 years.

There are many benefits to have an RD Account.

- Fixed monthly investment option

- Fixed duration of the investment
- Fixed Interest Rate
- TDS (Tax Deducted at Source) not applicable
- Flexibility of investment
- Fixed Deposit Account

In this type of account, a fixed amount is paid only once for a certain period of time. You will get a higher rate of interest in FD account as compared to the saving account. In India, you can apply for a loan also against FD certificates. The minimum period of time is 3 months for FD by a resident of India. Many customers open an FD account for TDS.

FCNR Deposit Account

The full form of FCNR Deposit Account is Foreign Currency Non-Repatriable Account. This account is best suited for NRI (Non-resident Indians) and PIO (Person of Indian Origin). It is like a fix deposit account in which NRIs and PIOs can deposit their money in any foreign currency for one to five years. After that, they can receive investment with interest in the same foreign currency.

NRO and NRE Account

NRO is a non-resident ordinary saving account. As per the name both accounts, NRO and NRE can be used by NRI to save their money. But, the difference is their money must be generated from Indian source for NRO Account and for NRE Account, deposit money must be generated from the external source. Customers can withdraw their deposit money only in Indian Currency.

Types of Risk Faced by a Bank

When you go to the IBPS Interview, it can be asked how many types of risk a bank can face? So, we have mentioned all about the risk faced by a bank in the table below: –

Name of Risk	Reason to get Risk
Market Risk	Instability in Market Value of Marketable Securities.
Interest Rate Risk	Fluctuations in Interest Rate.
Foreign Exchange Risk	Variation in Exchange Rate.
Operational Risk	Failure of Daily Activities, System.
Liquidity Risk	Less Cash.
Credit Risk	Failure to receive the amount of Credit Cards from the borrower.
Reputation Risk	Failure to making a stability of banks' brand and reputation.
Business Risk	No Profit or Loss in Business.
Systemic Risk	Cascading Failure which affects the financial system of whole industry
Moral Hazard	It occurs when a person takes more risks because someone else bears the cost of those risks.

Types of Cheques

Generally, a cheque is used by account holders to pay or withdraw a large amount of money. A cheque involves drawer, drawee, and payee. A person who issues the cheque is called drawer while payee is a person or organization who present the cheque for payment. A bank plays an important role as a drawee between the drawer and payee in which drawer has an account.

There are seven types of cheque issued by a bank: –

Open Cheque - A person can issue an open cheque to pay money in cash.

Crossed Cheque - A person can issue a crossed cheque to write an "account payee" between two parallel lines in the left side of cheque.

Order Cheque - A person can issue an order cheque to cross the word "OR BEARER" by a line.

Bearer Cheque - Every cheque is a bearer cheque if it has a word "OR BEARER".

Post Dated Cheque - A person can issue a postdated cheque to write a future date on the cheque.

Stale Cheque - If a drawer issues a cheque and payee doesn't pay it after three months of the mentioned date on the cheque also, then this type of cheque is called stale cheque.

Travelers Cheque - It is used by a person who is going to abroad.

Reserve Bank of India

History About RBI

Many candidates don't know about the difficulty level of Banking Interview. They only prepare the current GK and superficial banking details. Most of the candidates miss some very important points such as the central bank of India and its history. According to the Bank aspirants who shared their interview experiences, some questions are asked from RBI's History. So, before appearing in Banking Interview Exam, you must know the brief introduction of Reserve Bank of India.

- Reserve Bank of India is the central bank of India which manages the financial stability and economy of India.
- It was established on 1st April 1935 in accordance with the Reserve Bank of India Act 1934.

- In first, the head office of RBI was in Calcutta which was permanently moved in 1937 to Mumbai.
- RBI was nationalised in 1st January 1949 after India's Independence.
- It is the first bank of India which is fully owned by the Government of India.

The Preamble of Reserve Bank of India

The preamble of RBI describe exactly "To regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage, to have a modern monetary policy framework to meet the challenge of an increasingly complex economy, to maintain price stability while keeping in mind the objective of growth."

Functions of RBI – What is the Role of RBI?

RBI plays an important role in the banking sector. Here we have mentioned some important functions of RBI.

Evolution of Central Banking & Reserve Bank of India

- Evolution of Central Banking
- Legal Framework for Reserve Bank functions

Price Stability

- Monetary Policy Framework
- Market Operations

Financial Stability

- Regulation of the Financial System
- Regulation of Commercial Banks
- Supervision of Commercial Banks
- Regulation & Supervision of Co-operative Banks
- Regulation & Supervision of Non-Banking Financial Companies
- Development and Regulation of Financial Markets
- Regulation of Financial Market Infrastructure

Currency and Banking Functions

- Currency Management
- Banker to Banks
- Banker to Government
- Public Debt Management
- Understanding Reserve Bank's Balance Sheet

Foreign Exchange – Management & Reserves

- Foreign Exchange Management
- Foreign Exchange Reserve Management

Developmental Functions

- Consumer Education and Protection
- Financial Inclusion and Development
- Development of Institutions

Organisational Structure of RBI

RBI has a central board of directors. It is the main governing body of RBI. It consists of: –

- One governor which is appointed by the government of India.
- Four deputy governor comes under the governor.
    - One is the chairperson of public sector bank.
    - Second is the chairperson of RBI
    - Third is economists.
    - Last is a banker of repute.
- It has four more directors representing the regional boards at Mumbai, Chennai, Kolkata, and Delhi.
- One representative from the finance ministry. It has 10 government-nominated directors representing various fields of economy.

Thus, there are twenty persons in the central board.

Governors of Reserve Bank of India

Since the establishment of RBI, 25 governors have been appointed by the government of India. Indian currency is issued after the signature of the RBI Governor. The first RBI governor was Sir Osborne A. Smith from 1st April 1935 to 30th June 1937.

Policy Rates and Reserve Ratios of RBI to Control Inflation and Liquidity

RBI has decided many Policy Rates and Reserve Ratios to control the inflation and liquidity in the economy. There are 5 Policy Rates and 2 Reserve Ratios are as follows: –

Reserve Ratios

- Cash Reserve Ratio
- Statutory Liquidity Ratio

Policy Rates

- Repo Rate
- Reverse Repo Rate
- Bank Rate
- Marginal Standing Funding
- Open Market Operations

Other Questions Asked About RBI in Banking Interview

There are many other questions asked in Banking interview regarding RBI and its role and responsibilities. You must know about these questions to avoid rejection in banking interview.

RBI as Banker to Government

- What is RBI's role with regard to the conduct of Government's banking transaction?
- How does the Reserve Bank of India discharge its statutory obligation of being 'Banker to Government'?
- How payment into government account is made?
- When is the receipted challan for payment made into government account made available?
- What if the Receipted Challan is misplaced?
- Are agency banks compensated for the conduct of Central/State Government banking?
- What is RBI's role in Goods and Service Tax regime?
- How the Non-Tax receipts of government effected digitally?

Reserve Bank's Instructions on Banking matters

RBI issue many instructions for deposit accounts, loans, interest rate and other banking-related matters. Many candidates are rejected in the interview round because they don't know about these Instructions which are used in banking matters.

- Whether banks can accept interest-free deposits?
- What rate of Interest is paid by banks on savings bank accounts?
- How is the computation of interest on savings bank deposits done by banks?
- How banks can pay interest on term deposits repayable in less than three months or where the terminal quarter is incomplete?

- Whether banks can pay differential rates of interest on term deposits aggregating Rs.15 lakh and above?
- Whether banks are permitted to offer a differential rate of interest on NRE deposits?
- Whether the concessional rate of interest is applicable when a loan against FCNR(B) deposit is repaid in foreign currency?
- Whether banks can accept recurring deposits under the FCNR(B) Scheme?
- Whether banks are permitted to offer a differential rate of interest on FCNR(B) deposits?
- Whether FCNR(B) deposits can be renewed with retrospective effect (i.e. from the maturity date)? If yes, what is the rate of interest payable?

Answer of all the above questions – **https://www.rbi.org.in/Scripts/FAQView.aspx?Id=51**

Financial Sector Regulator in India

India has five financial sector regulator which maintain the financial securities in the market. We have provided a brief description of these financial sector regulators below: –

RBI – Reserve Banks of India

As you know RBI (Reserve Bank of India) play a big role to manage India's economy and financial stability. It was established on 1st April 1935 as a central bank of India. All the bank (Private & Government) works under the Reserve Bank of India.

Since the establishment, Reserve Bank of has been headed by 25 governors. The term of RBI Governor is three years.

Present Governor of RBI – Shakikanta Das

Headquarter – Mumbai

SEBI – Securities and Exchange Board of India

The SEBI was established on 12th April 1992 with an act of provisions of the Securities and Exchange Board of India, 1992.

The main preamble of SEBI describes “To protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto”. Securities and Exchange Board of India has some important power regarding the stoke exchanges: –

- To Stock Exchanges & Intermediaries
- To Impose Monetary Penalties
- To Initiate Actions in Functions Assigned
- To Regulate Insider Trading
- Under the Securities Contracts Act
- To Regulate Business of Stock Exchanges

Present Chairman of SEBI – Shri Ajay Tyagi

Head Office – Mumbai, Maharashtra

PFRDA – Pension Fund Regulatory and Development Authority

The PFRDA was established on 23rd August 2003 by Government of India.

The Preamble of PFRDA is “To promote old age income security by establishing, developing and regulating pension funds and protects the interests of subscribers to schemes of pension funds and related matters”. The Pension Fund Regulatory and Development Authority has one chairperson with three whole-time members.

Present Chairman of PFRDA – Hemant G. Contractor

Head Office – New Delhi

FMC – Forward Markets Commission

FMC is also a financial sector regulator of India which was established 1953 under the provisions of the Forward Contracts (Regulation) Act, 1952. But on 28th September 2015, the FMC was merged with the SEBI.

IRDA – Insurance Regulatory and Development Authority

It was established in 1999 by the IRDA act of parliament, 1999.

The main mission of Insurance Regulatory and Development Authority is “To protect the interests of the policyholders, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto.”

The Authority of IRDA has ten members team in which one chairman with five whole-time members and four part-time members included.

Present Chairman of IRDA – Subhash Chandra Khuntia

Head Office – Hyderabad

Financial Ratio Analysis with Explanation

A financial ratio is a ratio of calculation and comparison which include the information of financial statement for any organization. This section is mostly asked in general awareness and Interview round. In the banking sector, it is divided into four categories: –

Liquidity Ratios

As we mentioned in the Banking Interview Guide Part 1, liquidity is an ability which works under a short-term obligation (financial system and solvency). And the Liquidity ratio indicates the current ratio, acid test ratio (Quick Ratio), working capital ratio and cash ratio.

Liquidity Ratios	Formula	Description
Current Ratio	Current Asset/Current Liabilities	A current asset is an asset or cash that will convert to cash within twelve months. A current liability is an amount which will be paid to loan takers and any other creditors within one year.

Quick Ratio	Quick Asset/Current Liabilities	As per the name, the quick asset is an asset that will convert to cash quickly.
Working Capital	Current Assets – Current Liabilities	-
Working Capital Ratio	Current Assets/Current Liabilities	-
Cash Ratio	Cash + Current Investment/Current Liabilities	-

Profitability Ratios

One of the most important questions which are generally asked in a banking interview is how to calculate profit and its ratio?

The profitability ratio is divided into 5 categories: –

Profitability Ratios	**Formula**	**Description**
Gross Profit Ratio	(Gross Profit/Net Sales) x 100	Gross profit is a profit which will make after deducting the product cost and other investment.Net sales are a total sale a company made.
Net Profit Ratio	(Net income/Net Sales) x 100	Income which comes from saving the account, FD, Investment etc is called Net Income.
Return on Asset	Net income/Average Assets	-
Return on Investment	Net income/Long Term Capital	Long-Term Capital means long-term liabilities.
Return on Equity	Net income/Equity	Equity is a value of the company’s shareholder’s fund.

Turnover/ Operational Ratios

You can calculate the turnover ratios in 6 basic ratios: –

Turnover/ Operational Ratios Name	Formula	Description
Cash Turnover Ratio	Net Sales/Cash	-
Fixed Assets Turnover Ratio	Net sales/ Net fixed assets	-
Assets Turnover Ratio	Net Sales/Average Total Assets	-
Receivables Turnover Ratio	Net Sales/Average Receivables	Average Receivables include debtors/bills receivables etc
Payables Turnover Ratio	Net Purchases/Average Payables	Average payables are the accounts payables or the firm's current liabilities to creditors
Inventory Turnover Ratio	Cost of the Goods Sold/Average Inventory	Average Inventory is the Stock-in-Trade

Leverage Ratios

It includes 4 basic leverage ratios: –

Leverage Ratios	Formula	Description
Total Assets to Debt Ratio	Total Liabilities/Total Assets	-
Debt to Equity Ratio	Total Liabilities/Equity	-
Interest Coverage Ratio	EBIT/Interest Obligations	EBIT – Earnings before Interest and Taxes.
Long-Term Debt to Net Working Capital Ratio	Total long-term debt/Net WC	Net WC (Net Working Capital) = Current Assets – Current Liabilities

Various Payment Systems in Banks

As you know, India is one of the fastest growing countries in the banking sector also. There are 130 million cards (Debit Card and Credit Card) issued by the banks. Today, most of the people use credit card/ debit card to pay shopping bills, electric bills, immediate cash etc.

Payment and settlement system is used for these financial transactions via online. In India, Banks provided you various types of facility to payment which are completely secure such as: –

- Real-time gross settlement (RTGS)
- National Electronic Funds Transfer (NEFT)
- Nepal Remittance Facility Scheme (NRFS)
- Immediate Payment Service (IMPS)
- Bharat Bill Payment System (BBPS)
- Money Transfer Service Scheme (MTSS)
- Aadhar Enabled Payment System (AEPS)

Public Sector Banks

To understand what is public sector bank, you need to know about PSU first.

Public Sector Undertaking or PSU play a major role in our Indian Economy. It is a state-owned enterprise in India which is directly maintained by Union Government of India or State or Territorial Government or both. PSU works in our economy since independence.

Banks which is held more than 50% by the government are called Public Sector Bank. There are 21 banks and 1 state-owned payment bank (India Post Payments Bank) comes under the Public Sector.

According to the latest news, Bank of Baroda (BOB), Dena Bank and Vijaya Bank are expected to be merged at the end of the December.

The list of these banks is given below: –

Allahabad Bank
Revenue – ₹19,051 crores (US$2.7 billion)
Andhra Bank
Revenue – ₹18,027.42 crores (US$2.5 billion)
Bank of India
Revenue – ₹41,796.47 crores (US$5.8 billion)
Bank of Maharashtra
Revenue – ₹13,052.98 crores (US$1.8 billion)
Canara Bank
Revenue – ₹48,942 crores (US$6.8 billion)
Central Bank of India
Revenue – ₹2,526.68 crores (US$350 million)
Corporation Bank
Revenue – ₹19,411.24 crores (US$2.7 billion)
IDBI Bank
Revenue – ₹28,043.10 crores (US$3.9 billion)
Indian Bank
Revenue – ₹21,689.67 crores (US$3.0 billion)
Indian Overseas Bank
Revenue – ₹23,517.29 crores (US$3.3 billion)
Oriental Bank of Commerce
Revenue – ₹20,058.71 crores (US$2.8 billion)
Punjab & Sind Bank
Revenue – ₹8,744.34 crores (US$1.2 billion)
Punjab National Bank
Revenue – ₹47,424.35 crores (US$6.6 billion)
State Bank of India
Revenue – ₹210,979 crores (US$29 billion)
Syndicate Bank
Revenue – ₹6,913.09 crores (US$960 million)
UCO Bank
Revenue – ₹18,560.97 crores (US$2.6 billion)
Union Bank of India
Revenue – ₹32,198.80 crores (US$4.5 billion)
United Bank of India

Revenue – ₹9,936.67 crores (US$1.4 billion)

List of Merged Bank in 2018

Bank of Baroda
Revenue – ₹12,379 crore (US$1.7 billion)
Vijaya Bank
Revenue – ₹10,645.73 crore (US$1.5 billion)
Dena Bank
Revenue – ₹42,199.92 crore (US$5.9 billion)

Mutual Fund

Definition, Classification, Pros & Cons

If you want to avoid rejection in the bank interview, then you must know about the investments Indian people make. Mutual funds and SIPs are very important from interview's perspective. Read further the what are the commonly asked questions.

- What is Mutual Fund?
- What are the benefits of Mutual Fund?
- What is the structure of Mutual Fund?
- How are Mutual Fund Classified?

Definition of Mutual Fund

The word Mutual implies the group of people coming together and fund means putting money, therefore, the term Mutual Fund describes the group of people putting money together to buy stock and bonds or both. These professional funds managed by the manager. A manager analysis the market and provide you many routes in which you can invest your money safely. It is your personal choice which path you want to choose based upon your goal you decide. The manager also ensures the risk is controlled because all stocks may not move in the same direction at the same time.

Pros and Cons of Mutual Funds

As you know, presently, Mutual Fund in India is the most popular investment scheme which has many advantages and disadvantages. Below, we have mentioned some benefits to invest in a mutual fund: –

- It’s safe
- Liquidity
- Diversification
- Cost-efficiency
- Automated payments
- Suit your financial goals
- Quick and painless process
- Tax saving under section 80(c)
- Invest in smaller denominations
- A systematic or one-time investment
- Investment easily manages by experts
- Investors can invest in any investment option
- No need to keep updated news of market movements

The disadvantage of the Mutual Fund is: –

- High Expense Ratios and Sales Charges

- Management Abuses
- Tax Inefficiency
- Poor Trade Execution

Classification of Mutual Fund

Mutual Fund is classified into three broad categories: –

Portfolio Classification

- safety of investments
- Capital appreciation
- Modest risk of investment
- Volatility in interest rates
- Specific income producing security
- Speculative and risky investments

Functional Classification

- Open-ended scheme
- Close-ended scheme
- Geographical Classification
- Domestic funds
- Offshore Funds

Structure of Mutual Funds

Mainly, the mutual fund is divided into five tired structure: –

- Sponsor
- Trustee
- Asset Management Company
- Custodian
- Registrar and Transfer Agent (RTA)

Sponsor

Sponsor is basically one person or group of persons who are responsible to float a mutual fund. In other words, you can say that the sponsor is a promoter of a mutual fund. Sponsor has put 40% of share-holding in an asset management company to set up the mutual fund. The sponsor should have a track record and good reputation of fairness in all business transaction. He must have a positive net worth in the last 5 years.

Trustee

Trustee is the main body of a mutual fund. It is an independent entity which is responsible to manage and care the investors' money. The board of trustee appoint by sponsors after the SEBI approval. Generally, 4 trustees include in a mutual fund in which 2-3 trustee works independently.

Asset Management Company

Asset management company is the investment company that invests the investor's fund with securities in the market. It is a private company and the directors of AMC works 50% independently. There are many asset management firms in Asia such as: –

- Affin Hwang Asset Management Berhad
- Asia Frontier Capital Ltd.
- Capital Dynamics
- Conning & Company
- Global Investment House
- IDFC Project Equity
- IIFL
- Investcorp
- Mirae Asset Group
- Nomura Group
- SinoPac Financial Holdings
- Value Partners

Custodian

Custodian is a financial organization appointed by the trustee. However, sponsor and custodian should be registered with SEBI, but both can never be the same in a mutual fund. The main role of the custodian is holding the safekeeping assets such as bonds, stocks, commodities etc.

Registrar and Transfer Agent (RTA)

Registrar and Transfer Agent maintain investors details such as documents, investment records etc. But, it is not compulsory to include an RTA in a mutual fund structure.

Bank KYC (Know Your Customer)

KYC is the process to know the customer's details and address by a bank. It helps to identify that the customers are not misused of bank services. KYC will be done when a bank will open an account such as Saving Account, Deposit Account etc.

The purpose of KYC is to prevent money laundering activities from being used by criminal elements, deliberately or unknowingly by banks.

In India, first time KYC was introduced by Reserve Bank of India in 2002.

Key Element of KYC

Generally, KYC has four key elements in the banking sector: –

Customer Acceptance Policy - Only accept customers who have been identified by operating the appropriate diligence for the customer's risk profile.

Customer Identification Procedures - The policy approved by the boards of banks should clearly inform the customer identification process.

Monitoring of Transactions - This is a formal process for identifying suspicious transactions and reporting internally. It analyzes the customer's transactions.

Risk Management – It helps to manage the financial risk.

Procedure of KYC

You can check the online and offline procedure of KYC submission below: –

Online KYC Submission: -

Step 1 - Click the official link of KYC online application form.

Step 2 - Fill the relevant details such as name, nationality, DOB, Address, Verification of PAN in the form.

Step 3 - Fill the Email ID or Phone Number and click on the button Generate OTP.

Step 4 - Fill the OTP and attach Proof of Permanent Address and Proof of Identity in the form.

Step 5 - Click on the submit button for submitting your form.

Step 6 - After successful submission of your form, you will get an email of KYC Receipt. Get a print out for the future use.

Offline KYC Submission: -

Step 1 - Download the KYC online application form from the official website or from the nearest branch.

Step 2 - Fill the relevant details such as name, nationality, DOB, Address, Verification of PAN in the form.

Step 3 - Attached Proof of Permanent Address and Proof of Identity with the form.

Step 4 - Go to the nearby Branch of your bank.

Step 5 - Submit Your Form with needed documents.

Step 6 - Get KYC Receipt from your Bank and keep it safe for future use.

Documents Required to fill the KYC Form

KYC is done in two types: –

- Individual
- Non-Individual

In **Individual KYC**, documents acceptable as proof of identity/address: –

- Passport
- Voter's Identity Card
- Driving License
- Aadhaar Letter/Card
- NREGA Card
- PAN Card

Note: - Any one document towards proof of identity and proof of address (either permanent or current).

In **Non-Individual KYC**, documents acceptable as proof of identity/address: –

- Registration certificate (In the case of a registered concern).
- Certificate/ license issued by the municipal authorities under Shop & establishment act.
- Sales and income tax returns.
- CST/VAT certificate·
- Certificate / Registration document issued by Sales Tax/ Service Tax/ Professional Tax authorities.
- License issued by the registering authority.
- IEC (Importer Exporter Code).
- The complete Income Tax return.
- Utility bills such as electricity, water, and landline telephone bills.
- ID and address proof.

Note: - Any two of the above documents would suffice. These documents should be in the name of the proprietary concern.

Banking Channels

There are different types of Banking channels to access their banking and other services. In the table below, we have mentioned some important banking channels with description.

Channel	Description
Branch, In-Person Banking	In a retail location.
Automated Teller Machine (ATM) Banking	Adjacent to or remote from the bank.
Bank by Mail	Cheque deposits via mail and communication with customers via mail.
Online Banking	Banking transaction via the internet.
Mobile Banking	Banking transaction via one's mobile phone.
Telephone Banking	Customers can transaction through via the telephone.
Video Banking	Banking transaction and consultation through remote video and audio connection.
Relationship Manager	Visit their customers' homes and businesses.
Direct Selling Agent	Works for the bank based on a contract and to increase the customer base for a bank.

ATM and Types of ATM

ATM is also known as the Automated Teller Machine which is an electronic device through which customers can perform the financial transaction without interaction with bank employees.

- The first ATM in India was set up in 1987 by HSBC in Mumbai.
- Till September 2018, there are total 2,05,866 ATMs available in India according to the RBI Data.
- The maximum limit of cash withdraw in ATMs is 50,000 per day.
- The highest number of ATMs are 59,521 of SBI available in India.
- Maharashtra has the highest number of ATMs in our country.

A customer can perform many operations through ATMs such as: –

- Cash Withdrawals
- Balance Enquiry and Printing or Ordering Bank Statements
- Cash/ Cheque Deposits
- Account Information
- Transfer Funds
- Bill Payments
- Sale of Paper-Based Products
- Updating Passbooks

Types of ATMs in India

There are many types of ATM available in India. You can check the table below: –

ATM	Stand for
Onsite ATM	Inside the bank premises
Offsite ATM	Outside the bank premises
Worksite ATM	only for the employees of the organization
Cash Dispenser	Allows only cash withdrawals, balance enquiry and mini statement requests, cash dispenser(CD)
Mobile ATM	ATM that moves in various areas for the customers
White Label ATM	Provided by NBFC
Green Label ATM	for Agricultural Transaction
Orange Label ATM	for Share Transactions
Yellow Label ATM	for E-commerce

Pink label ATM	For women banking
Brown label ATM	hardware and the lease of the ATM machine is owned by a service provider, but cash management is provided by a sponsor bank

We hope, now you have covered all the Banking Interview topics because, for most of the banking exams, the interview process has been started. So, don't worry! Be confident and go for the interview round.

Thank You!!