

Bank-Related Questions and Answers

1. What is a credit card loan?

A credit card loan is a form of borrowing where you use your credit card to access funds, either through a cash advance or by purchasing items. The loan must be repaid with interest, and it typically has higher interest rates compared to other types of loans.

2. What is a loan agreement?

A loan agreement is a legal contract between a borrower and a lender that outlines the terms and conditions of the loan, including the repayment schedule, interest rate, and any penalties for late payment.

3. What documents are required for getting a loan?

The documents required for a loan vary by lender, but commonly include:

- Proof of identity (e.g., passport, driver's license).
- Proof of income (e.g., pay stubs, tax returns).
- Bank statements.
- Proof of address (e.g., utility bills).
- Credit history or credit report.
- Loan application form.

4. What is EMI?

EMI stands for Equated Monthly Installment. It is the fixed monthly payment a borrower makes to repay a loan, which includes both the principal amount and the interest.

5. What is a mortgage?

A mortgage is a loan specifically used to purchase real estate. The property itself acts as collateral for the loan, and the borrower repays the loan in installments over a fixed period.

6. What is the difference between fixed and floating interest rates?

- Fixed interest rates remain constant throughout the loan tenure.
- Floating interest rates change based on market conditions, which could lead to fluctuations in the EMI amount.

Q: What is KYC?

A: KYC stands for Know Your Customer. It is a process where banks verify the identity and address of their customers.

Q: What is a bank's interest rate?

A: A bank's interest rate is the percentage charged on loans or paid on deposits over a specified time.

Q: What is mobile banking?

A: Mobile banking is a service provided by banks that allows customers to perform banking transactions using a mobile app on their smartphone.

Q: What is the role of the Reserve Bank of India (RBI)?

A: The RBI is India's central bank responsible for regulating the banking system, issuing currency, and managing monetary policy.