

# NCFM Financial Literacy Knowledge Document

## 1. What is NCFM?

NCFM (NSE's Certification in Financial Markets) is a professional certification by the National Stock Exchange of India, aimed at educating individuals on financial markets, personal finance, and safe digital finance practices.

## 2. Basics of Digital Payments (UPI, IMPS, NEFT):

- UPI (Unified Payments Interface): A real-time payment system enabling instant money transfers between bank accounts via mobile.

Steps for Safe UPI Transactions:

1. Use official apps like BHIM, Google Pay, PhonePe.
2. Verify recipient's UPI ID before sending money.
3. Never share your UPI PIN or OTP.
4. Confirm the transaction summary before approving.

- IMPS & NEFT: Used for transferring funds via banking apps or net banking; NEFT works in hourly batches, while IMPS is instant.

## 3. Budgeting Tips (As per NCFM Guidelines):

- Track monthly income and expenses.
- Follow the 50-30-20 Rule: 50% essentials, 30% discretionary, 20% savings.
- Avoid impulsive spending; always allocate for emergency funds.

## 4. Understanding Interest Rates:

- Interest rate is the cost of borrowing money.

- Personal loans typically have interest rates between 10%-18% depending on credit score and bank policies.
- Always compare rates across banks before opting for a loan.

#### 5. Online Fraud Prevention Tips:

- Do not click on suspicious links received via SMS or email.
- Never share confidential bank details, OTPs, or UPI PINs.
- Use two-factor authentication for all digital transactions.
- Regularly update your banking passwords.

#### 6. Key Financial Terms:

- EMI: Equated Monthly Installment - fixed monthly payment for loans.
- Credit Score: A rating representing your creditworthiness; higher is better.
- KYC: Know Your Customer - mandatory identity verification for financial services.

#### 7. Safe Digital Practices:

- Use secure, private Wi-Fi when accessing banking apps.
- Enable transaction alerts for all accounts.
- Install verified banking applications from official stores only.