

ICICI Bank Interview Prep — MBA (Finance)

Round 1 — Written Test (Aptitude, Reasoning, Finance & Banking)

A. Aptitude & Reasoning

Q1. A loan of ₹10,000 is taken at 10% compound interest. What is the amount after 2 years?

Answer (step-by-step):

Formula: $A = P(1 + r)^t$

- $P = 10,000; r = 10\% = 0.10; t = 2 \text{ years}$
- $A = 10,000 \times (1.10)^2 = 10,000 \times 1.21 = \text{₹12,100}$
Interest earned = ₹2,100.

Q2. How would you calculate ROI and NPV for an investment project?

- **ROI (Return on Investment) = (Profit / Cost) × 100**
 - Example: Invest ₹1,00,000; get back ₹1,20,000 → Profit ₹20,000 → ROI = $(20,000/1,00,000) \times 100 = 20\%$.
- **NPV (Net Present Value) = Present value of inflows – Present value of outflows (uses discount rate like cost of capital)**
 - If you spend ₹1,00,000 today and expect ₹30,000 each year for 5 years, discount each ₹30,000 to today using (say) 10%, add them up, then subtract ₹1,00,000.
 - **Decision rule:** $\text{NPV} > 0 \rightarrow \text{Accept}; \text{NPV} < 0 \rightarrow \text{Reject}.$

B. Banking & Finance Knowledge

Q3. What is CRR and SLR? How do they impact banking operations?

- **CRR (Cash Reserve Ratio):** Portion of deposits banks must keep **as cash with RBI**. It **earns no interest**. Higher CRR → less money to lend → lower profitability.
- **SLR (Statutory Liquidity Ratio):** Portion of deposits banks must keep **in liquid assets** (cash/gold/G-secs). Higher SLR → funds locked in safe assets → **limited lending but more stability**.

Q4. Differentiate between monetary policy and fiscal policy.

- **Monetary policy** = RBI controls **money supply & interest rates** (repo rate, CRR, SLR) to manage inflation and growth.
- **Fiscal policy** = Government controls **taxes & spending** (budget, subsidies, capital expenditure) to manage the economy.

C. Current Affairs – Conceptual Impacts

Q5. What impact does rising inflation have on the banking sector?

- Borrowers' costs rise → **loan demand can slow**.
- RBI may hike rates → **loan EMIs increase**; banks' **NIM may improve** short-term, but **credit risk** can rise if customers struggle to repay.
- Depositors may ask for **higher deposit rates**.

Q6. How will RBI's repo rate hike affect ICICI Bank's lending operations?

- **Cost of funds increases** → lending rates rise (MCLR/EBLR).
- **Loan growth may cool**; NIM could improve short-term; **EMI burden** increases; **delinquencies** may tick up.

Round 2 – Group Discussion (GD)

Purpose: Communication, structure, facts, listening, and balanced view.

Possible GD Topics & Layman Approach

Topic 1: "Digital Banking vs Traditional Banking – The Future of Indian Finance."

- **Pros (Digital):** 24x7 access, lower cost per transaction, quick onboarding (e-KYC/UPI).
- **Cons:** Cyber risks, elder/rural usability gaps.
- **Balanced close: Hybrid model**—digital for speed + branches for inclusion & advisory.

Topic 2: "Impact of Global Oil Prices on Indian Economy and Banking Sector."

- Higher oil → higher import bill → inflation → **rate hikes likely** → higher EMIs, slower credit demand.
- Corporate margins (transport, airlines, chemicals) shrink → **credit risk** up.

Topic 3: "How can banks support India's \$5 trillion economy goal?"

- **MSME credit**, infra financing, agri/value-chain lending, **digital payments**, export finance, **green finance**.

How to perform in GD (simple checklist):

1. Open with a structure (3 points).
- 2) Quote 1–2 numbers/examples if you can.
- 3) Build on others' points.
- 4) Summarize neutrally.

Round 3 – Personal/HR + Technical Interview

A. Transaction Banking Group (TBG)

Q1. What is transaction banking, and why is it important for corporate clients?

Services that handle **collections, payments, liquidity, trade**. It helps corporates move money **reliably and cheaply**, improving working capital.

Q2. How do cash management & trade finance generate revenue?

- **Cash management**: fees for collections, payments, CMS, APIs.
- **Trade finance**: LC/BG issuing fees, advising/confirming fees, **forex spreads**, short-term interest.

Q3. Role of RTGS, NEFT, SWIFT in corporate payments.

- **RTGS**: Real-time, high-value domestic transfers.
- **NEFT**: Batch domestic transfers (retail/SME).
- **SWIFT**: Secure **international** messaging for cross-border payments.

Q4. How does working capital financing support corporate customers?

Short-term credit (OD/CC, invoice/bill discounting) to **bridge cash gaps** between paying suppliers and collecting from buyers.

Why they ask: To see if you understand **cash cycles, settlement rails, and fee/float economics**.

B. Retail Banking Group (RBG)

Q1. Key differences between retail and wholesale banking.

- **Retail**: Individuals; products = SA/CA, personal/home/auto loans, cards.
- **Wholesale**: Corporates; **large** loans, transaction banking, treasury.

Q2. How does ICICI cross-sell (insurance, cards, loans)?

Use customer data & life-events (salary credit, home loan) to **offer relevant add-ons**; RM incentives; digital nudges.

Q3. What are NPAs in retail lending? How to reduce them?

- **NPA:** Loan overdue **>90 days**.
- Reduce via **CIBIL checks**, income verification, right ticket size/tenor, reminders, restructuring, SARFAESI/legal where needed.

Q4. Why is CRM critical in retail?

Maintains **service quality**, faster query resolution, **loyalty & cross-sell**—higher lifetime value.

C. Business Banking, Wealth & Trade

Q1. What is wealth management? How does ICICI serve HNIs?

End-to-end advisory: **asset allocation**, MF/bonds/AIF/insurance, tax/estate planning via dedicated RMs & digital platforms.

Q2. Explain LC and BG in trade.

- **LC:** Bank promises seller will be **paid** if documents match—reduces payment risk.
- **BG:** Bank pays **if buyer fails** to meet obligations (performance/financial).

Q3. Advise an SME: term loan vs working capital loan?

- **Working capital:** daily ops (inventory, receivables).
- **Term loan:** long-term assets (plant/machinery). Often SMEs need **both**.

Q4. How do mutual funds, bonds, insurance fit a wealth portfolio?

- **MFs:** diversification & growth.
- **Bonds/FDs:** stability/income.
- **Insurance:** risk protection (life/health) so investments aren't derailed.

D. Wholesale Banking Group (WBG)

Q1. Wholesale vs retail lending.

Wholesale = **large ticket**, bespoke structures, covenants; retail = standardized small loans.

Q2. Key risks with large corporates.

Credit (default), **concentration**, **sector cycles**, **interest-rate**, **FX**, **operational/legal** risks.

Q3. Explain project finance with an example.

Funding a **toll road/power plant** where repayment comes from **project cash flows**; banks assess DSCR, traffic/fuel risks.

Q4. How do banks price corporate loans?

Cost of funds + operating cost + risk premium – relationship pricing; linked to benchmarks.

E. Healthcare Ecosystem

Q1. How can banks support healthcare companies?

Finance **hospitals, equipment** (MRI/CT), **pharma R&D**, supply-chain (distributors), **payment rails** for hospitals.

Q2. What products do hospitals/pharma need?

Term loans, working capital, equipment loans, vendor/supply-chain finance, POS/payment gateway, payroll, FX for imports.

Q3. How do equipment loans & patient financing help?

Hospitals upgrade tech; patients pay by EMIs → **timely cashflows** for hospitals, **affordability** for patients.

Q4. Link to national goals (Ayushman Bharat, ABDM).

Capacity expansion, digital health records/payments → banks enable **capex & transaction** infrastructure.

HR / Behavioral (Common to All Profiles)

Q1. Tell me about yourself.

30–45 seconds: Education → internship/work → top skills → why banking/ICICI → goal.

Q2. Why ICICI / private bank?

Fast growth, innovation, training, strong brand, diversified roles.

Q3. Where do you see yourself in 5 years?

Senior RM/Branch Manager/Corporate RM handling bigger book & team.

Q4. Example of solving a financial/analytical problem (STAR).

S/T: problem context; **A:** steps (analysis/tool); **R:** quantifiable impact.

Q5. Handling stress.

Prioritize → plan → communicate → take breaks → deliver milestones.

Q6. Why should we hire you?

Finance base + customer orientation + sales mindset + learning agility.

Q7. Strengths & weakness.

Strengths (communication, numbers, empathy), One real weakness + fix plan.

Q8. Relocation?

Yes—exposure to markets & clients.

Q9. Dealing with a difficult customer.

Listen, empathize, resolve/coordinate, follow-up.

Q10. Why banking?

Dynamic, client-facing, measurable impact, blends **finance + service**.

Core Finance & Banking Knowledge (Quick, Clear Answers)

Q1. CRR vs SLR – already covered (Round 1B).

Q2. Repo vs Reverse Repo

- **Repo:** RBI lends to banks (collateralized).
- **Reverse repo:** Banks park surplus with RBI.

Q3. Basel III — why important?

Global rules for **capital, leverage, liquidity** → safer banks, less crises.

Q4. NPV & IRR (with mini-example) – already covered (Round 1A/Finance).

Q5. Cost of Capital / WACC

Average expected return of debt + equity (weighted). Projects must beat WACC.

Q6. ROA vs ROE

- **ROA:** Profit/Assets → asset efficiency.
- **ROE:** Profit/Equity → shareholder return.

Q7. Capital Adequacy Ratio (CAR)

Bank's capital / risk-weighted assets → cushion for losses; higher = safer.

Q8. Secured vs Unsecured loans

Collateral vs no collateral (risk & pricing differ).

Q9. Priority Sector Lending (PSL)

At least **40%** lending to priority areas (agri, MSME, education, housing).

Q10. Monetary Transmission

How RBI rate moves **flow into** bank lending/deposit rates.

Q11. CAMELS

Capital, Asset quality, Management, Earnings, Liquidity, Sensitivity.

Q12. Risk-weighted assets

Different assets carry different risk weights (Govt bonds low, unsecured loans high).

Q13. Treasury management

Managing bank's own liquidity, investments, interest-rate/FX risks.

Q14. ALM Mismatch

Short deposits vs long loans → liquidity/interest-rate risk.

Q15. Cost-to-Income Ratio

Operating cost / operating income; lower = more efficient.

Q16. Net Interest Margin (NIM)

(Interest earned – interest paid) / earning assets.

Q17. Duration & Convexity

Sensitivity of bond prices to rate changes (first & second derivative concepts).

Q18. Derivatives (Futures/Options/Swaps)

Contracts to **hedge or speculate** on price/interest/FX movements.

Q19. CRR/SLR impact on profits

Higher mandated reserves → **less lending** → lower spreads.

Payment Systems & Trade (Fast Clarifiers)

NEFT vs RTGS vs IMPS vs UPI vs SWIFT

- **NEFT:** Batch domestic transfers, all values, bank hours extended.
- **RTGS:** Real-time, **high-value** domestic.
- **IMPS:** Instant 24x7 domestic.
- **UPI:** Instant 24x7 person-to-person/merchant via VPA/QR.
- **SWIFT:** International **secure messaging** layer (not funds itself).

LC vs Bank Guarantee

- **LC:** Ensures **seller gets paid** if documents comply.
- **BG:** Bank pays **if buyer fails** to perform/pay.

Escrow

Neutral account where funds are released when **conditions** are met.

Supply-chain finance vs Bill discounting

- **SCF:** Early payment to supplier, bank collects later from anchor buyer.
- **Bill discounting:** Bank advances money against **invoice/bill**.

Scenario / Case-Based (Simple, Practical)

Q1. Corporate has idle cash. What do you suggest?

CMS + sweep-in to FDs/liquid funds; set **payment schedules**; daily pooling.

Q2. Inflation rises—impact on banks?

Rates likely up → EMIs up → loan demand slows; NIM can rise; credit risk may creep up.

Q3. Borrower defaults—what happens?

Account becomes **NPA**; bank **provisions** → profits fall; recovery/legal next.

Q4. How does digital banking cut costs?

Fewer branch visits, automated journeys, lower processing costs → **better OPEX**.

Q5. Competing with fintechs?

Partner where useful, leverage **trust, regulatory strength, data, network**, and strong **digital UX**.

Division-Wise Deep Dives (Top 10 each you may face)

1) Transaction Banking (TBG)

1. What is cash management? → **Collect faster, pay smarter, manage liquidity**.
2. What is a sweep account? → Auto-move surplus to FD/liquid and back.
3. Why API banking? → **Real-time** payouts/collections integrated with ERP.
4. What is virtual account collection? → Unique VAs to auto-reconcile payers.
5. What is host-to-host (H2H)? → Secure file-based straight-through processing.

6. Trade finance risks mitigated? → Payment/performance/document/country risk.
7. Forex spreads? → Bank earns margin on buy-sell currency rates.
8. Pricing drivers in TBG? → Volumes, balances, risk, service levels.
9. Liquidity risk for corporates? → Cash exists but **not available on time**.
10. RTGS/NEFT/IMPS/UPI use-cases? → Choose speed/value vs cost trade-off.

2) Retail Banking (RBG)

1. CASA ratio meaning? → Share of low-cost deposits; higher is better.
2. How do banks earn from SA/CA? → Lend at higher rates + fees.
3. Cross-sell examples? → Home loan + insurance + card + locker.
4. EMI moratorium? → Temporary pause; interest may accrue.
5. Underwriting checks? → KYC, income, stability, credit score, DTI.
6. Reduce credit risk? → Scorecards, limits, reminders, restructuring.
7. Fintech disruption? → Faster onboarding, BNPL; banks adapt/partner.
8. Credit card NPA causes? → Over-leverage, income shocks.
9. KYC/AML basics? → Identify customer; monitor suspicious activity.
10. Role of digital app? → Sales + service + engagement hub.

3) Business Banking, Wealth & Trade

1. SME products? → OD/CC, term loan, LC/BG, FX, CMS.
2. Working capital cycle? → Cash → Inventory → Sales → Receivables → Cash.
3. Export credit types? → Pre-shipment (packing credit), post-shipment.
4. Packing credit vs bill discounting? → Before vs after shipment/invoice.
5. LC flow (simple):** Buyer's bank issues → exporter ships/documents → payment.
6. Bank earns in FX? → **Spread + fees**.
7. Wealth advisory basics? → Risk profile → asset allocation → product fit.
8. Diversification? → Spread across asset classes to cut risk.

9. Rising rates impact? → Bond prices fall; fixed income yields rise.
10. Structured products? → Tailored risk-return via debt + derivatives.

4) Wholesale Banking (WBG)

1. Project finance stages? → Appraisal, sanction, drawdown, monitoring.
2. Key covenants? → DSCR, leverage caps, dividend locks, information covenants.
3. Debt syndication? → Multiple lenders share large exposure.
4. Pricing grid? → Benchmark + spread by rating/covenants.
5. Credit appraisal focus? → Promoter quality, financials, cash flows, security.
6. Repayment capacity? → Cash flow forecasts, sensitivity tests.
7. WC assessment (MPBF/Tandon)** basics? → Assess inventory/receivables norms.
8. Sectoral risks? → Cyclicals (steel/realty), regulation (power).
9. Monitoring tools? → Quarterly financials, site visits, escrow/TRA accounts.
10. Large exposure framework? → Caps to avoid concentration risk.

5) Healthcare Ecosystem

1. Why focus healthcare? → Growing demand + social impact.
2. Equipment financing tenor/collateral? → 3–7 yrs; machine hypothecation.
3. Patient EMI programs? → Improve affordability & hospital cashflows.
4. Hospital working capital drivers? → Receivables (TPA/insurance), consumables.
5. Risks? → Price caps, licensing, reimbursement delays.
6. ABDM opportunities? → Digital payments, data rails, financing digital infra.
7. Pharma vs hospital risk? → R&D/Regulatory vs occupancy/payor mix.
8. Vendor financing? → Support distributor cash cycles.
9. POS/gateway pitch to hospitals? → Faster settlement, MIS, reconciliation.
10. Cross-sell to doctors? → Professional loans, premium cards, wealth services.

Extra Written-Test Style Finance Basics (Quick Keys)

1. Simple vs Compound Interest

- $SI = P \times r \times t$; CI adds “interest on interest.”

2. **If NPV = ₹200 and IRR = 12%** → Project **creates value**; 12% is breakeven rate (NPV=0).
3. **WACC** → Weighted cost of debt & equity; hurdle rate.
4. **Repo cut** → Cheaper funds, loan rates fall, demand rises.
5. **Credit rating** (CRISIL/ICRA) → Higher rating = lower risk/cheaper loans.
6. **CAR** → More own capital vs risk assets = safer.
7. **PSL = 40%** target to priority areas.
8. **Green finance** → Loans/bonds for renewables/EVs.
9. **AI in banking jobs** → Automates routine; creates data/analytics roles.
10. **Cashless economy** → Efficient but needs inclusion; hybrid needed.

Model Answers – Short HR Templates (Customize in your words)

Tell me about yourself:

“Good morning. I’m [Name] from [City]. I completed MBA (Finance) at [Institute]. During my internship at [Company], I worked on [brief]. I enjoy client interaction and financial analysis. I’m keen to build a career in banking—particularly relationship management/transaction banking—because it blends finance with problem-solving. In 5 years, I aim to handle a larger client book and lead a small team.”

Why ICICI?

“Industry leader, strong digital platforms, structured training, and wide roles across retail/wholesale/transaction banking.”

Why hire you?

“Solid finance fundamentals, customer orientation, sales mindset, fast learner, and resilient under targets.”

Strength & weakness:

“Strengths: communication, analytical thinking, empathy. Weakness: over-analysis; I now set decision deadlines to act faster.”

Difficult customer experience:

“Listened, acknowledged the issue, coordinated internally, kept daily updates, resolved within timeline; customer appreciated transparency.”

Final Preparation Checklist

- **Banking basics:** CRR/SLR, repo/reverse repo, NPA, CASA, LC/BG, NEFT/RTGS/IMPS/UPI/SWIFT.
- **Finance math:** SI/CI, NPV/IRR, ROI, WACC, ratios (ROA/ROE), DSCR.
- **Sectors:** MSME/Infra/Healthcare—basic product fit and risks.
- **Current macro themes:** Inflation & rates → loan demand, NIM, credit risk.
- **GD practice:** 2 mins structure → pros/cons → conclude balanced.
- **HR stories:** 2–3 STAR stories (analysis win, tough client, leadership).
- **Mock intros:** 30–45 seconds; practice **20 times**.
- **Sales mindset:** Needs-based selling, cross-sell, compliance first.
- **Relocation & ethics:** Say yes to relocation; **ethics over short-term sales**.

(Optional) Rapid-Fire Quiz for Self-Check

1. Amount on ₹50,000 @12% CI for 2 yrs? → ₹ $50,000 \times 1.12^2 \approx ₹62,720$.
2. LC vs BG one-liner? → LC pays **seller** on compliant docs; BG pays **if buyer fails**.
3. NIM meaning? → (Interest earned – interest paid) / earning assets.
4. PSL target? → **40%**.
5. Repo hike impact? → Cost ↑, loan rates ↑, demand ↓, NIM may ↑, risk may ↑.