**Question 1. What Is Start-up Loans?**

This type of Loan is offered to borrower to start their business and can be used to build a storefront, to acquire inventory or pay franchise fees to get a business rolling.

**Question 2. What Is Checking Account?**

You can access the account as the saving account but, unlike saving account, you cannot earn interest on this account. The benefit of this account is that there is no limit for withdrawal.

**Question 3. What Is Investment Management System?**

It is a process of managing money, including investments, banking, budgeting and taxes.

**Question 4. What Is Payday Loan?**

A pay-day loan is generally, a small amount and a short-term loan available at high interest rate. A borrower normally writes post-dated cheques to the lender in respect to the amount they wish to borrow.

**Question 5. What Is Credit Management System?**

Credit management system is a system for handling credit accounts, assessing risks and determining how much credit to offer to the customer.

**Question 6. What Is Financial Management System?**

Financial management system is used to govern and keep a record of its income, expense and assets and to keep the accountability of its profit.

**Question 7. What Do You Mean By Term 'usury'?**

When a loan is charged with high interest rate illegally then it is referred as 'Usury'. Usury rates are generally set by State Law.

**Question 8. What Is Loan Management System?**

The database collects all the information and keeps the track about the customers who borrows the money.

**Question 9. What Is Retail Or Consumer Banking?**

It is a small to mid-sized branch that directly deals with consumer's transaction rather than corporate or other banks

**Question 10. What Do You Mean By Co-maker?**

A person who signs a note to guarantee the payment of the loan on behalf of the main loan applicant's is known as co-maker or co-signer.

**Question 11. What Is Corporate Or Business Banking?**

Corporate banking deals with cash management, underwriting, financing and issuing of stocks and bonds

**Question 12. What Is Inter-bank Deposit?**

Any deposit that is held by one bank for another bank is known as inter-bank deposit. The bank for which the deposit is being held is referred as the correspondent bank.

**Question 13. What Is Negative Amortization?**

When repayment of the loan is less than the loans accumulated interest, then negative Amortization occurs. It will increase the loan amount instead of decreasing it. It is also known as 'deferred interest'.

**Question 14. What Is 'amortization'?**

The repayment of the loan by instalment to cover principal amount with interest is known as 'Amortization'.

**Question 15. What Is Atm Banking (automated Teller Machine)?**

It is an electronic banking outlet, which allows customers to complete basic transaction.

**Question 16. What Is Stock Market Management System?**

The stock market management is a system that manages financial portfolio like securities and bonds.

**Question 17. What Is Non-traditional Options?**

There are many non-bank entities that offer financial services like that of the bank. The entities include credit card companies, credit card report agencies and credit card issuers.

**Question 18. What Is 'credit-netting'?**

A system to reduce the number of credit checks on financial transaction is known as credit-netting. Such agreement occurs normally between large banks and other financial institutions. It places all the future and current transaction into one agreement, removing the need for credit cheques on each transaction.

**Question 19. What Is The Card Based Payments?**

There are two types of card payments

* 1. Credit Card
  2. Debit Card

**Question 20. What 'libor' Stands For?**

'LIBOR' stands for London Inter-Bank Offered Rate. As the name suggest, it is an average interest rate offered for U.S dollar or Euro dollar deposited between groups of London banks. It is an international interest rate that follows world economic condition and used as a base rate by banks to set interest rate. LIBOR comes in 8 maturities from overnight to 12 months and in 5 different currencies. Once in a day LIBOR announces its interest rate.

**Question 21. What Is 'bill Purchase'?**

In 'Bill Purchase' the loan will be created for the full value of the draft and the interest will be recovered when the actual payment comes. For example, a 'Sight draft' is presented for which the loan is created for 100% of the draft value. The money is received after 7 days, and then the interest will be recovered for 7 days along with the principal amount.

**Question 22. What Is Saving Account?**

You can save your money in such account and also earn interest on it. The number of withdrawal is limited and need to maintain the minimum amount of balance in the account to remain active.

**Question 23. What Is Small Business Administration Loans?**

It is a Federal Agency (U.S) that gives funding to small businesses and entrepreneurs. SBA (Small Business Administration) loans are made through banks, credit unions and other lenders who partners with SBA.

**Question 24. What Do You Mean By Term 'loan Maturity' And 'yield'?**

The date on which the principal amount of a loan becomes due and payable is known as 'Loan Maturity'. Yield is commonly referred as the dividend, interest or return the investor receives from a security like stock or bond, interest on fix deposit etc. For example, any investment for $10,000 at interest rate of 4.25%, will give you a yield of $425.

**Question 25. What Ach Stands For?**

ACH stands for Automated Clearing House, which is an electronic transfer of funds between banks or financial institutions.

**Question 26. What Is Debt-to-income Ratio?**

The debt-to-income ratio is calculated by dividing a loan applicant's total debt payment by his gross income.

**Question 27. What Is Money Market Account?**

This account gives benefits of both saving and checking accounts. You can withdraw the amount and yet you can earn higher interest on it. This account can be opened with a minimum balance.

**Question 28. What Is Core Banking System?**

Core banking is a service provided by a networked bank branches. With this, customer can withdraw money from any branch.

**Question 29. What Is Cost Of Funds Index (cofi)?**

COFI is an index that is used to determine interest rates or changes in the interest rates for certain types of Loans.

**Question 30. What Is 'loan Grading'?**

The classification of loan based on various risks and parameters like repayment risk, borrower's credit history etc. is known as 'loan grading'. This system places loan on one to six categories, based on the stability and risk associated with the loan.

**Question 31. What Is (apr) Annual Percentage Rate?**

APR stands for Annual Percentage Rate, and it is a charge or interest that the bank imposes on their customers for using their services like loans, credit cards, mortgage loan etc. The interest rate or fees imposed is calculated annually.

**Question 32. What Is 'prime Rate'?**

Basically, 'prime rate' is the rate of interest that is decided by nations (U.S.A) largest banks for their preferred customers, having a good credit score. Much 'variable' interest depends on the 'prime rates'. For example, the 'APR' (Annual Percentage Rate) on a credit card is 10% plus prime rate, and if the prime rate is 3%, the current 'APR' on that credit card would be 13%.

**Question 33. What Is The Difference Between Bank Guarantee And Letter Of Credit?**

There is not much difference between bank guarantee and letter of credit as they both take the liability of payment. A bank guarantee contains more risk for a bank than a letter of credit as it is protecting both parties the purchaser and seller.

**Question 34. What Is 'cheque Discount'?**

Cheque discounting service is offered only by few banks. For instance, if you have a cheque of $3000 outstation and the cheque will take 7 seven days for clearance, then bank will offer you a service for early payment. The bank can make an early payment, but they will pay only for certain percentage of the actual amount, here they will pay you $2000 but they will charge interest on it and the remaining $1000 will be paid, once the outstation cheques get clear.

**Question 35. What Is Line Of Credit?**

Line of credit is an agreement or arrangement between the bank and a borrower, to provide a certain amount of loans on borrower's demand. The borrower can withdraw the amount at any moment of time and pay the interest only on the amount withdrawn. For example, if you have $5000 line of credit, you can withdraw the full amount or any amount less than $5000 (say $2000) and only pay the interest for the amount withdrawn (in this case $2000).

**Question 36. What Do You Mean By 'foreign Draft'?**

Foreign draft is an alternative to foreign currency; it is generally used to send money to a foreign country. It can be purchased from the commercial banks, and they will charge according to their banks rules and norms. People opt for 'foreign draft' for sending money as this method of sending money is cheaper and safer. It also enables receiver to access the funds quicker than a cheque or cash transfer.

**Question 37. Do Bank Charge For 'overdraft Protection' Service?**

Yes, bank will charge on 'overdraft protection' services but the charges will be applicable only when you start using the service.

**Question 38. What Are The Different Types Of Loans Offered By Commercial Banks?**

**Start-Up Loans:** This type of Loan is offered to borrower to start their business and can be used to build a storefront, to acquire inventory or pay franchise fees to get a business rolling.

**Line of Credit:**Lines of credit are another type of business loan provided by commercial banks. It is more like a security for your business; the bank allows the customer to withdraw the amount from readily available funds in an adverse time. Customer or Company can pay back over time and withdraw money again without going into the loan process.

**Small Business Administration Loans:** It is a Federal Agency (U.S) that gives funding to small businesses and entrepreneurs. SBA (Small Business Administration) loans are made through banks, credit unions and other lenders who partners with SBA.

**Question 39. What Is 'availability Float'?**

Availability Float is a time difference between deposits made, and the funds are actually available in the account. It is time to process a physical cheque into your account.

For example, you have $20,000 already in your account and a cheque of another $10,000 dollar is deposited in your account but your account will show balance of $20,000 instead of $30,000 till your $10,000 dollar cheque is cleared this processing time is known as availability float.

**Question 40. What Is Iloc (irrevocable Letter Of Credit)?**

It is a letter of credit or a contractual agreement between financial institute (Bank) and the party to which the letter is handed. The ILOC letter cannot be cancelled under any circumstance and, guarantees the payment to the party. It requires the bank to pay against the drafts meeting all the terms of ILOC. It is valid upto the stated period of time. For example, if a small business wanted to contract with an overseas supplier for a specified item they would come to an agreement on the terms of the sale like quality standards and pricing, and ask their respective banks to open a letter of credit for the transaction. The buyer's bank would forward the letter of credit to the seller's bank, where the payment terms would be finalized and the shipment would be made.

**Question 41. What Is The Difference Between 'cheque' And 'demand Draft'?**

Both are used for the transfer of the amount between two accounts of same banks or different bank. 'Cheque' is issued by an individual who holds the account in a bank, while 'Demand draft' is issued by the bank on request, and will charge you for the service. Also, demand draft cannot be cancelled, while cheques can be cancelled once issued.

**Question 42. What Are The Things That You Have To Keep In Concern Before Opening The Bank Accounts?**

Before opening a bank account, if it is a saving account, you have to check the interest rate on the deposit and whether the interest rate remains consistent for the period. If you have the checking account, then look for how many cheques are free to use. Some banks may charge you for using paper cheques or ordering new cheque books. Also, check for different debit card option that is provided on opening an account and online banking features.

**Question 43. What Is Cd (certificate Of Deposits) Account?**

In such account you have to deposit your money for the fixed period of time (5-7 years), and you will earn the interest on it. The rate of interest is decided by the bank, and you cannot withdraw the funds until the fixed period expires.

**Question 44. What Are The Different Types Of Loans Offered By Banks?**

**The different types of loans offered by banks are:**

* 1. Unsecured Personal Loan
  2. Secured Personal Loan
  3. Auto Loans
  4. Mortgage Loans
  5. Small business Loans

**Question 45. How Bank Earns Profit?**

The bank earns profit in various ways

* 1. Banking value chain
  2. Accepting deposit
  3. Providing funds to borrowers on interest
  4. Interest spread
  5. Additional charges on services like checking account maintenance, online bill payment, ATM transaction

**Question 46. What Are The Different Ways You Can Operate Your Accounts?**

You can operate your bank accounts in different ways like

* 1. Internet banking
  2. Telephone or Mobile banking
  3. Branch or Over the counter service
  4. ATM ( Automated Teller Machine)

**Question 47. What Are The Types Of Commercial Banks?**

* 1. Retail or consumer banking: It is a small to mid-sized branch that directly deals with consumer's transaction rather than corporate or other banks
  2. Corporate or business banking: Corporate banking deals with cash management, underwriting, financing and issuing of stocks and bonds
  3. Securities and Investment banking: Investment banking manages portfolios of financial assets, commodity and currency, fixed income, corporate finance, corporate advisory services for mergers and acquisitions, debt and equity writing etc.
  4. Non-traditional options: There are many non-bank entities that offer financial services like that of the bank. The entities include credit card companies, credit card report agencies and credit card issuers

**Question 48. What Are The Types Of Accounts In Banks?**

* 1. **Checking Account:** You can access the account as the saving account but, unlike saving account, you cannot earn interest on this account. The benefit of this account is that there is no limit for withdrawal.
  2. **Saving Account:** You can save your money in such account and also earn interest on it. The number of withdrawal is limited and need to maintain the minimum amount of balance in the account to remain active.
  3. **Money Market Account:** This account gives benefits of both saving and checking accounts. You can withdraw the amount and yet you can earn higher interest on it. This account can be opened with a minimum balance.
  4. **CD (Certificate of Deposits) Account:** In such account you have to deposit your money for the fixed period of time (5-7 years), and you will earn the interest on it. The rate of interest is decided by the bank, and you cannot withdraw the funds until the fixed period expires.