

# Digital Financial Tools

## Banking System:

Bank is a licensed financial institute which acts in the form of a mediator between people who save and use money.

There are two types of banks : a)Public Banks b)Private Banks

RBI(Reserve Bank of India) is the central banking resource of india which is the head of all banks and banking system.

It is the monetary authority of our nation that controls whole monetary policy.

RBI also known as Banker of all banks.

## Digital Financial Tools:

Digital Financial Tools are those which are used for electronic payments. The main objective of DFT is to deliver financial services through technological innovations like mobile phone.

These tools provide high security and quick responder.

### 1)OTP(One Time Password):

An OTP is a password that authenticates the user for a single transaction or login session on a computer system or other digital device.

It is also known as one time pin and valid only for one time.

An OTP are more secure than a user-created password.

OTP may replace authentication login information in order to add another layer of security.

OTP is a security technique which provide protection against various password-based attacks.

OTP generated by Randomness algorithms.

Length of OTP could be four or six digits.

UPI PIN

PIN: Personal Identification Number

## QR Code:

QR stands for Quick Response.

It is a 2D barcode that is used to provide easy access to information through a smart phone and this process is known as mobile tagging.

QR code consist of black square arranged in a square grid on a white background.

QR code technology was developed by Dense-Wave,a tyota subsidiary.

Originally use for inventory tracking.

There are two types of QR code static QR code and Dynamic QR code

Anytype of information can be converted to QR code .To do so we use QR code Converter.

## MCQs :

1.which is the first bank to introduce Net Banking?

SBI

2.Which bank has been referred as the largest commercial bank located in india?

SBI

3. which private bank has been referred to as the largest commercial bank in the category of private banks in india?

ICICI

## Digital Financial Tools

4. which was the first bank to established in india?

Bank of hindustan (established in year 1779)

5. which was first indian bank certified by ISO?

Canara bank

6. Name a bank loacated in india which is totally managed and supervised by indian people?

PNB(Existed at first in Lahore in the year 1895)

7. Which is the first bank which opened its branch in foreign country?

BOI(Bank of India)

8. Bank connected to internet in:

1996

Types of Bank Account:

### Savings Account

As the name suggests, the savings accounts can be opened by an individual or jointly by two people with an aim to save money.

The main benefit of opening a savings bank account is that the bank pays you interest for opening this type of account with them.

Given below are a few features of the Savings account:

- There is no limit to the number of times the account holder can deposit money in this account but there is a restriction on the number of times money can be withdrawn from this account.

### Current Account

The second type of bank account is the current bank account. These accounts are not used for the purpose of savings.

Some important pointers related to the current bank account have been discussed below:

- This type of bank account is mostly opened by businessmen. Associations, Institutions, Companies, Religious Institutions and other business-related works, the current account can be opened
- There is no fixed number of times that money can either be deposited or withdrawn from such accounts

### Recurring Deposit Account

Recurring Deposit account or RD account is a form of account wherein the account holder needs to deposit a fixed amount every month until it reaches the fixed maturity date.

The features of the Recurring deposit account have been discussed below:

- Any individual or an Institution can open a recurring deposit account either separately or jointly
- Periodic or monthly instalments that need to be added can be as low as Rs.50/- or may vary from bank to bank

## Digital Financial Tools

- The range of months for which an RD account can be opened varies from 6 months to 120 months

### USSD:

Unstructured Supplementary Service Data. Allows users without a smartphone or internet connection to use mobile banking through the \*99# code.

USSD based Mobile Banking can be used for fund transfers, checking account balance, generating bank statement, and other useful work.

The main objective of \*99# payments service is to allow financial inclusion of the banked and economically weaker sections of the society, and integrate them into mainstream banking.

It is available in 12 languages

Registered mobile Number, MMID and MPIN is required to transfer fund using USSD mobile Banking.

The Maximum Fund Transfer limit in this system is Rs. 5000/day and Rs.50000/annum.

### NEFT:

National Electronic Funds Transfer is a system of electronic transfer of money from one bank or bank branch to another.

It is started in November 2005.

NEFT system maintained by RBI

and Setup was established and maintained by Institute for Development and Research in Banking Technology (IDRBT)

### RTGS:

Real-Time Gross Settlement system is a special funds transfer systems where the transfer of money takes place in real-time.

Payment upto 2 lakh

### IMPS:

Immediate Payment Service is a payment service that is managed by NPCI.

Amount greater than 2 lakh.

### PoS:

Point of Sale.

Usually in outlets when a customer makes the payment and gets an object then it is called Point of Sales.

In the banking sector, when a customer receives a service from a banker then that point is called point of sale or point of service.

### What is MMID?

Mobile Money Identifier or MMID is a 7 digit number of a bank customer.

This number is used when you try to send or receive money using the IMPS Method.

Every Bank has only one MMID and this would be unique to the bank account.

# Digital Financial Tools

The UPI is based on IMPS platform.

**Credit and Debit Card:**

They both are small plastic card issued by the bank or any financial institution.

The Key difference between Credit Card and Debit Card is that where the money is drawn from when a purchase is made.

When a person using debit card , the money comes directly from his/her linking account.

When he/She used a credit card, the purchase is charged to a line of credit for which is paid at a later date.

A debit card is a card that is linked to customer account.

A credit Card is a card that is issued by a financial company and enables the cardholder to borrow funds.

**RuPay CARD:**

RuPay is an indian domestic card scheme conceived and launched by the National Payments Corporation of India(NPCI) on 26 march 2012.

It was created to fulfill the Reserve Bank of India's(RBI) desire to have a domestic.

The foreign payments networks like visa,mastercard,Discover,Diner's Club , American Express cost more per transaction charges in comparison with RuPay card.

For Example: a transaction of 2000Rupee ,the banks will have to pay a transaction fee around rs. 3.25 for foreign cards whereas, for RuPay, they would have to pay a fee of around Rs. 2.50 instead.

**E-Wallet:**

Mobile Wallet or e-wallet is a form of mobile banking.

It is also called mobile money,digital wallet or digital cash.

Mobile Wallet is like a physical wallet/Purse and it works as your real cash.

IN india, UPI,BHIM,USSD,AEPS payment interface is used for mobile banking.

The major difference between Mobile Wallet and online transactions from Mobile Wallet compare to bank transaction.

The first Mobile Wallet started by Wallet365.com at 2006 in india.

It was developed with the help of YesBank to provide the banking and payment service for account holders.

Mobikwik started the india's first cutomer based wallet.

**a)Paytm:**

Paytm word means "Payment Through Mobile". Paytm is the financial product of One97 Communications Company.

In 2010,Mr.Vijay Shekhar founded Paytm in india and now known as the most prominent mobile wallet company in india.

**b)Mobikwik:**

it was founded in 2009 Powered by Mobikwik Systems Private Limited.

Company has its headquarter in Gurugram.

The founder and CEO of Mobikwik is Bipin Preet Singh.

**c)Freecharge:**

Freecharge is an important and useful mobile wallet in india.

Freecharge launched in 2010 by Kunal Shah and Sandeep Tandon, headquarter in Mumbai.

## Digital Financial Tools

Freecharge provide discount per transactions.

d)Phonepe:

e):Chillr:

Online Bill Payment:

It is a secure electronic service that allow customers to pay bills without checking and mail of bills. Online bill payment also known as electronic bill payment or automatic bill payment,offers several advantages.

Important MCQs:

1. Which is the first bank to introduce ATM or debit card?

HSBC(1987)

2. First Universal Bank in india?

ICICI

3. Which is the first bank to introduce “ Regional Rural Banks” in india?

Syndicate Bank

4.Which bank has formed on the efforts of LALA LAJPAT RAI?

Punjab National Bank

5. which bank launched the first RuPay ATM and Micro ATM Card with Aadhaar Number?

Bank of India