SHRIMATI INDIRA GANDHI COLLEGE

PART – A

TWO MARK QUESTIONS:

1. Define E-Banking.

Electronic banking it is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and –mortar institution.

2. What is meant by Mobile Banking?

After internet banking , mobile banking or M-Banking has become the buzz word in the industry.

3. Write a short on Debit Card?

Debit Card is a direct account access card meaning the amount transacted (either withdrawn from an ATM or paid out to a merchant – pos) gets debited immediately.

4. What you understand by PIN?

A numerical code used in many electronic financial transactions. Personal Identification Numbers (PINs) are usually used in conjunction usernames or other passwords.

5. What is Digital Certificate?

A digital certificate is an electronic “Credit Card” that establishes your credentials when doing business or other transactions on the Web. It is issued by a Certification Authority (CA).

6. What is digital signature?

A digital signature is an electronic signature that can be used to authenticate the identity of the sender of a message or the signer of a document .

7. What is a Bank Teller Machine?

A bank teller machine is better known as an automated teller machine or ATM .

8. Write a short note on Smart Card?

A smart card, chip card, or integrated circuit card (ICC), is any pocket-sized card with embedded integrated circuits. There are two broad categories of ICCs.

9. What is CA?

A certificate authority (CA) is a trusted third party in a network that issues and manages digital certificates. As part of a public key infrastructure.

10. Define EFT?

Electronic funds transfer or EFT is the electronic exchange or transfer of money from one account to another , either within a single financial institution or across multiple institutions, through computer-based systems.

11. What you mean by internet banking?

Sometimes called online banking, is an outgrowth of PC banking. Internet banking uses the internet as the delivery channel by which to conduct banking activity.

12. What is Data Communication?

Data communication concerns the transmission of digital messages to devices external to the message source.

13. Define Demat Account?

Demat refers to a dematerialised account .Though the company is under obligation to offer the securities in both physical and demat mode, you have the choice to receive the securities in either mode

14. Write a short note on RTGS?

RTGS - Real Time Gross Settlement.

Introduced since March 2004, is a system through which electronic instructions can be given by banks to transfer funds from their account to the account of another bank.

15. What is meant by information Technology?

The information technology act 2009(ITA-2000) (IT ACT) is an Act of the Indian parliament (NO 21 of 2000) notified on October 17, 2000.

16. Define ECS?

ECS -Electronic Clearing Service.

Besides cheque clearing using magnetic ink character recognition(MICR) and non - MICR payment by cards, Electronic funds transfer(EFT) is an important component the various retail payment products.

17. Define RA?

A registration authority (RA) is an authority in a network that verifies user requests for a digital certificate and tells the certificate authority (CA) to issue it.

18. What is SEFT?

SEFT – Special Electronic Fund Transfer

The SEFT scheme was introduced by RBI in 2003 for inter-bank transfer of funds. The settlement takes place at Mumbai. The SEFT is distinct from the now defunct EFT scheme.

19. What is NEFT?

NEFT – National Electronic Fund Transfer

NEFT helps the transfer of funds from the customer account of one bank to other bank customer without any delay or procedural hassles. RBI Acts as the service provider and transfers the credit to the other bank's account.

20. Write a note on E-Cheque?

The Electronic cheque (eCheque) is a new payment instrument combining the security, speed and processing efficiencies of electronic transactions with the familiar and well developed legal infrastructure and business processes associated with paper cheques.

21. What is EPS?

The Electronic Payment System include instruments through which payments can be made, rules regulations and procedures that guide these payment institutions which facilities payment mechanisms and legal systems etc.

22. What is B2B?

As opposed to B2C ecommerce, in B2B domain, the parties to a deal are at different points of the product supply chain.

23. What is SFMS?

The structured financial messaging system (SFMS).SFMS is a SWIFT like messaging system which would serve as safe, secure communication carrier of intra and interbank message in fixed message format.

24. Define Audit Trail?

A step - by - step record by which financial data can be traced to its source

25. Define E-Banking Strategy?

Though E-Banking offers vast opportunities, yet even less than one in three banks have an E-B inking strategy in place according to a study.

PART-B

FIVE MARK QUESTIONS:

1. Methods of Traditional Bank?

   Cash was the most popular means of payment, especially, for small value transactions.

   *Internet banking.

   *Tele / Mobile banking.

   *Credit /debit cards.

   * ECS.

   * NEFT/RTGS.

   2. Describe the advantages of E –payment?

   *Quick Processing of transactions.

   *Cost / Benefit.

   *Convenient settlements.

   *Armchair Banking.

   3. Explain RBI Guidelines

   - The products should be restricted to account holders
   - The services should only include local currency products
   - The guidelines issued by RBI on" Risks and controls computers and telecommunication"
   - Inter-bank payments gateways must have capabilities for both net and cross settlement
   - Hyperlinks from banks ' websites often raise the issue of reputational

   4. Difference between traditional banking & e-banking?

   Traditional banking:

   Cash was the most popular means of payment, especially, for small value transactions.

   *Internet banking.

   *Tele / Mobile banking.

   *Credit /debit cards.

   * ECS.

   * NEFT/RTGS.

E-Banking:

- Personal computer banking
- Internet banking
- Online banking
- Home banking
- Virtual banking
- Phone banking

5. Explain Local Area Network (LAN)?

- Limited geographic area(upto10km)
- Private ownership
- Expandable (scalable)
- Heterogeneity(different types of workstations supported)
- Employs diverse and inexpensive communication media

6. Explain the features of E-Banking?

Electronic banking services and solutions fall into a few broad categories, Including transactional services, non-transactional services, administrative services and wire transfers. Transactional services include EBPP [electronic bill presentment and payment], transfer of fund between different user accounts, investment sale or purchase, loan transactions and applications. Non- transactional services provided electronic banking systems include Web chat with online bankers, viewing online statement and accessing bank information online administrative services are also provided online, including interest rate calculation, depreciation, adjustment of fees and others.

7. Explain Debit, Credit, Smart cards?

Credit card:

A Credit card is small plastic card issued to users as a system of payment.

Smart card:

A Smart card, chip card, or integrated circuit card (ICC) is any pocket-sized card with embedded integrated circuits.

Debit card:

Debit card is a direct account access card, meaning the amount transacted (either withdrawn from an ATM or paid out to a merchant- POS) Get debited immediately.

8. Explain features of Mobile Banking?

- Cash received through mobile transfers can be withdrawn from ATMs.
- All major banks in India are now also entering into tie-ups with companies, facilitating payments through the mobile phone.
- So, when a user wants to pay using his mobile phone, all he needs to do is share his mobile number with the merchant.
- Within a few seconds, the bank concerned will authenticate the details and debit the amount.
- Considering that less than half of the mobile phone users have high-end handsets.

9. Function of ATM?

(a) Customer swipes the card for the ATM to read it.

(b) Customer keys in his PIN.

(C) ATM for, the safety and security encrypts, a securely pre-installed PIN machine within the ATM, the key switch tallies the number of the swiped card with that on its database and from the verified card number generates the card number 'Natural PIN", which above, as seen, when added to the relative" offset value' already stored in the ATM switch, gives the PIN.

10. Explain the Benefit of ECS credit?

- ❖ Reduction in administrative cost presently being incurred for printing of paper instrument in MICR format and dispatching them by registered post.
- ❖ Loss of instruments in transit or fraudulent encashment thereof gets totally eliminated.
- ❖ Reconciliation of transactions is made automatic.
- ❖ Cash management becomes easier as arrangement for funds is required to be made only on the specified.
- ❖ Facilitates better customer/ investor service.

11. Explain the E-TRADE in capital market?

- ➢ The process of dematerialization of shares having gained acceptance in recent years, banks have assumed the role of depository participants. In addition to customer's cash deposit accounts, they also maintain demit account for the securities and shares of their clients. Online trading in equities is allowed by SEBI and therefore it is another business which banks are keen to develop.

12. List down the advantage of E-mail?

- ❖ No compulsion on the part of the recipient to read the message the moment it arrives.
- ❖ It sit on the system awaiting access.
- ❖ Multiple copies can be sent to different addresses.
- ❖ ALL the outward mails, mailed documents, receive mails and received document can be managed and organised by filing them electronically, avoiding bulky physical storage.
- ❖ Alerts can be organised.

13. Describe the impact of information technology on banking criticism?
The amendment was passed in an eventful parliamentary session on 23rd of December 2008 with no discussion in the house.

Some of the cyber law observers have criticized the amendments on the ground of lack of legal and procedural safeguards to prevent violation of civil liberties of Indians.
There have also been appreciations about the amendments from many observers because it addresses the issue of cyber security.
They can also secure assistance from computer personnel in decrypting data, under penalty of imprisonment.

14. Describe the wide area network (WAN)?

- A WAN is a geographically dispersed collection of LAN (telecommunication Network). A WAN, as the term implies spans large physical distances Internet, spanning the earth, is the largest WAN. A WAN can be privately owned or public (shared user) Network.
- Residences typically employ one LAN and cannot to Internet WAN via an Internet service provider (ISP) using a broadband modem and all the computers on the home LAN can communicate with each other but must go through a central gateway.
- WANs are used for high volume long distance data traffic.

15. Explain the BCP?

BCP is nothing but a logical extension of CP/ DRP. Both should seamlessly dovetail in to each other. All the efforts towards CP/DRP should result in and facilitate during and after disaster, business continuity. These plans should envelop all the essential inputs like hardware, software, infrastructure, data in transit and data in store.

Business continuity should begin by identifying the events that can cause interruptions to business processes like equipment failure, flood and fire .This should be followed by a risk assessment to determine the impact of interruptions (both in terms of damage sc ale and recovery period).