

JAIIB MAY 2023 EXAM

AFM

RECOLLECTED QUESTIONS

WITH

DETAILED EXPLANATION

Preface

The document gives a fair idea of the kind of questions that were asked in JAIIB May 2023 Exam. The document also helps in identifying the most important topics and extrapolate the topics from which questions can be asked in the upcoming exams. Kindly note that the questions mentioned below are memory based and are presented to the best of our knowledge. The questions have been classified into three sections described as follows:

Section 1:

These are the questions for which the topic of the question, the type of question and the options were known to us and have been presented as they had appeared in the exam. There is also mention of the correct answer with the detailed explanation along with the reference from where the question was asked (E.g. Page number, Chapter number and the Module of the IIBF book from which the question has been set).

Section 2:

The second section consists of questions for which the exact question asked in the exam is not known to us, but the topic and the kind of question is known and we have tabulated the same. This will give an idea of the important topics and the depth to which the questions are asked in the exam.

Section 3:

The third section consists of only the topics of the remaining questions as the type of question is also not known to us. This will help in identifying important topics for the upcoming exam.

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Retail Banking and Wealth Management

Q1. Who coined the term Artificial Intelligence?

- a) John McCarthy
- b) David Bradley
- c) Charles Babbage
- d) Alan Turing

Solution: A

Explanation:

Module B – Chapter 13 – Page 281

Here is a brief explanation of each of the answer choices:

- **John McCarthy** (1927 – 2011), an American computer scientist and cognitive scientist, coined the term 'Artificial Intelligence'. He was one of the founders of the discipline of AI.

Q2. Within which time period, the possession notice should be published in two leading newspaper one of which should be in vernacular language under the SARFAESI Act, 2002?

- a) 1 Month
- b) 15 Days
- c) 7 Days
- d) No time period mentioned

Solution: C

Explanation:

Module B – Chapter 14 – Page 310

Authorised Officer shall take possession or cause possession of the mortgaged immovable property to be taken in the following manner:

1. By delivering a 'possession notice' to the mortgagor (borrower/guarantor)
2. By affixing the possession notice on the outer door or at such conspicuous place of the property
3. **Within Seven days of taking possession**, the Possession notice should also be published in 2 leading newspapers one of which should be in the vernacular language, having sufficient circulation in that locality where the property is situated.

Q3. Which among the following is the target year under the Pradhan Mantri Awaas Yojana (Rural)?

- a) 2025
- b) 2022
- c) 2024
- d) 2030

Solution: C

Explanation:

Module B – Chapter 9 – Page 170

Pradhan Mantri Awaas Yojana (PMAY) Urban Mission was launched on 25th June 2015 which intends to provide housing facility for all in Urban areas by year 2022.

- The Union Cabinet has also approved the extension of the Pradhan Mantri Awaas Yojana – Gramin (PMAY – G) beyond March 2021 **till March 2024** to achieve the total target of 2.95 crore rural houses.

Q4. What is the Loan To Value (LTV) ration on Home loans up to Rs. 30 lakh?

- a) 90%
- b) 80%

- c) 75%
- d) None of the above.

Solution: A

Explanation:

Module B – Chapter 9 – Page 167

Loan to Value Ratio as per the RBI guidelines is as follows:

- For loans up to Rs. 30 Lakh – Maximum 90%
- For loans above Rs. 30 Lakh and up to Rs. 75 Lakh – Maximum 80%
- For loans above Rs. 75 Lakh – Maximum 75%

Q5. Which of the following has the least role in Investment?

- a) Hedging
- b) Return
- c) Liquidity
- d) Risk

Solution: A

Module D – Chapter 24 – Page 474

The characteristics or elements of investment can be understood in terms of **Return, Risk, Safety and Liquidity**. The basic objectives of any investment is to maximize the return and minimize the risk.

- **Return:** This is the prime objective of any type of investment. The return can be regular income or increase in the value of investment.
- **Risk:** This means variability in return because of loss of capital or non – payment of Income. The more the risk, generally the more the expected return.
- **Safety:** It states that investors get back their original principal on maturity with no loss in value and hindrance.
- **Liquidity:** It means an investor can sell his investment in the market as need arise without incurring much transaction costs, less time and energy.

Q6. What is the cash limit for Demand Draft transactions as per RBI Guidelines ?

- a) One lakh rupees
- b) Fifty thousand rupees
- c) Two lakh rupees
- d) Twenty thousand rupees

Solution: B

Explanation:

Module B – Chapter 8 – Page 132

The limit for DD transaction in cash form is only Rs.50000 as per RBI guidelines.

Q7. Which among the following bank issued the 1st Credit Card in India?

- a) Canara Bank
- b) State Bank of India
- c) Punjab National Bank
- d) Central Bank of India

Solution: D

Module B – Chapter 10 – Page 190

The **Central Bank of India** launched the **first bank credit card** in 1980, which was followed by Andhra Bank in the same year – both were of the Visa brand.

Q8. Consider the following stages of Product Life Cycle:

1. Growth Stage
2. Maturity Stage
3. Introduction Stage
4. Decline Stage

Which among the following represents the correct sequence of above stages in Product life cycle?

- a) 1 – 2 – 3 – 4
- b) 3 – 1 – 2 – 4
- c) 1 – 3 – 4 – 2
- d) 3 – 2 – 1 – 4

Solution: B

Explanation:

Module B – Chapter 6 – Page 90

There are various stages in the life of the Product. The product after development goes through following 4 stages in its journey and in each stage, the impact on sales will be different.

- a. **Introduction Stage:** In this stage the product is introduced. Here the sales volume will be low and revenue from the products will not be sufficient to cover the cost of producing, marketing, and servicing it.
- b. **Growth Stage:** In this stage, the sales volume of the product picks up and the product is likely to break even and start generating profits for the organization.
- c. **Maturity Stage:** In this stage, there will be more growth . Here product will reach its wide customer base which will result in maximization of sales with inflow of business and profits. Saturation stage comes at the end of maturity stage.
- d. **Decline Stage:** In this stage the product becomes less attractive for the customers due to various reasons and results in drop in sales volume and profits.

Q9. What is the cash with drawl limit in the contact less cards?

- a) Rs. 10,000/-
- b) Rs. 2000/-
- c) Rs. 1000/-
- d) Rs. 5000/-

Solution: D

Explanation:

Module B – Chapter 10 – Page 207

A contactless card is a faster way to pay with a credit or debit card for purchases **under Rs. 5000/-** at participating stores. Instead of swiping the card at the billing counter, pay by simply waving or tapping the card on contactless terminal without entering the PIN.

- Contactless cards work on **Near – Field Communication (NFC) technology**, which uses radio transmission to ascertain contact when the cards are tapped or waved.

Q10. Which of the following is a non – fund-based advance?

- a) Credit Card receivables
- b) Home Loan
- c) Bank Guarantee
- d) Auto Loan

Solution: C

Explanation:

Module B – Chapter 9 – Page 166

In banking language, the non-funding advances are called **Contingent Liability** of the banks. The Fund based lending is **direct form of loans** on which actual cash is given to the borrower by the bank. Home loan, Auto loan and Credit Card receivables are fund-based advances.

Q11. What is the rate of tax – deduction at source (TDS) in case of term deposit, if the depositor has submitted the PAN card?

- a) 5%
- b) 20%
- c) 10%
- d) 15%

Solution: C

Explanation:

Module B – Chapter 8 – Page 152

TDS is to be deducted in cases where the total interest paid or credited on all time deposits in the name of a depositor, whether singly or jointly exceeds Rs. 50,000/- in a financial year in case off Senior Citizen or Rs. 40000/- in case of depositors below the age of 60 years.

- TDS rate is **10% in case, the depositor has furnished the PAN Card** or else 20% in case the depositor has not submitted the PAN Card.

Q12. What is the PoS cash withdrawal limit on Debit Cards in Tier 1 and II Centres?

- a) Rs. 2000/-
- b) Rs. 1000/-
- c) Rs. 5000/-
- d) Rs. 10000/-

Solution: B

Explanation:

Module C – Chapter 18 – Page 366

Point of Sale terminals are the **enablers of payment of credit and debit cards** in merchant establishments. Whenever a customer makes a purchase in a merchant establishment, point of sale terminal facilitates the payment of amount of purchase by accessing the account and effecting payment.

There is a daily POS limit for cash withdrawals since they are not the primary source of cash withdrawal. In Tier III to VI centres, you can withdraw up to ₹2000 per day.

- The withdrawal limit is **₹1,000 per day per card at Tier I and II centres**.
- The banks may also levy a charge for the transaction.

However, according to the **Reserve Bank of India (RBI)**, it must not exceed 1% of the total transaction amount.

Q13. National Payment Corporation of India is an initiative of

- a) Reserve Bank of India
- b) Indian Banks' Association
- c) Both a and b
- d) Neither a nor b

Solution: C

Explanation:

Module B – Chapter 11 – Page 216

National Payments Corporation of India (NPCI), an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of **Reserve Bank of India (RBI) and Indian Banks' Association (IBA)** under the provisions of the **Payment and Settlement Systems Act, 2007**, for creating a robust Payment & Settlement Infrastructure in India.

- Considering the utility nature of the objects of NPCI, it has been incorporated as a **“Not for Profit”** Company under the provisions of **Section 25 of Companies Act 1956** (now Section 8 of Companies Act 2013), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems.
- The Company is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.
- The **ten core promoter banks** are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank Limited, HDFC Bank Limited, Citibank N. A. and HSBC.

Q14. Up to what amount limit Recovery of Non-Performing Assets through Lok Adalat can be done.

- a) Rs. 1 Lakh
- b) Rs. 10 Lakh
- c) Rs. 20 Lakh
- d) Rs. 25 Lakh

Solution: C

Explanation:

Module B – Chapter 14 – Page 315

Recovery of NPAs through award of Lok Adalat is the easiest, cheapest, and fastest mode. Every award made by a Lok Adalat shall be final and binding on all the parties to the dispute, and no appeal shall lie to any court against the award.

- Pre – litigative cases relating to recovery/accounts with outstanding up to **Rs. 20 lakh** and suit filed cases/accounts where the plaint amount **does not exceed Rs. 20 lakh** can be referred to Lok Adalat.
- However, if the Lok Adalat is conducted by Debt Recovery Tribunal (DRT), then there is no limit.

Q15. Which among the following foreign banks entered the retail banking activities but when not able to achieve the business objectives moved out of the business.

1. **BNP Paribas**
2. **City Bank**

3. ABN Amro (Now RSB) Bank

- a) Only 1
- b) Only 2
- c) Only 1 and 2
- d) 1, 2 and 3

Solution: C

Explanation:

Module B – Chapter 14 – Page 315

2. Topics of Questions and Question types

Sno.	Topic	Type of Question
1.	Securitization	They have asked about the Minimum Retention Requirement (MRR) in security Assets.
2.	Pradhan Mantri Awaas Yojana	They have asked question about the target year under the scheme.
3.	Integrated Ombudsman Scheme	Question are asked about 2021 Amendments
4.	IT Act 80 D	What is the maximum limit for health checkup under the Act.
5.	SWIFT, NEFT, FOIR and CERSAI	Question was related to full form
6.	Return on Asset, Leverage ratio, Branch profitability and Net Interest Income	Numerical Questions have been asked
7.	Joint Account Fixed	They have asked question pertaining to the case that can we close FD in pre – maturity while one person has died
8.	BHIM and UPI	Transaction limit has been asked
9.	Short Term Capital Gain (STCG) and LTCG	Formula for STCG, LTCG has been asked
10.	Asset Product	Question was to choose asset product from various options given
11.	Sovereign Gold Bond Scheme	Who can take loan against SGB
12.	NEFT and RTGS Transactions	There was a question having 4 statements on RTGS and NEFT and student has to choose the correct answer.
13.	Gold Bond	Question asked about objective and use of Gold bond
14.	Bank fraud	There was a case study related to 70 lakh bank fraud happened in Internet banking, what actions should be taken by the bank.
15.	Loan and EMI	2 lakh salary with 95,000 EMI and 1 lakh salary with 45000 EMI – which one is better
16.	Future Value	Formula for calculating the future value has been asked

17.	Chatbot	Match type questions where chatbot name with the Company name was to be matched
18.	Profit Margin Ratio	Formula to calculate Profit Margin Ratio has been asked

3. Topics of Questions

1. Artificial Intelligence is coined by
2. Blockchain Technology
3. Institute for Development and Research on Banking Technologies
4. FIRO
5. Customer Relationship Management
6. Return on Equity (ROE) for Banks
7. Form 15G/ 15H
8. White Label ATM
9. Reason for Success of Retail Banking
10. Sovereign Gold Bond Scheme
11. Vertical Horizontal Model
12. Strategic Model
13. Multiple Questions on KYC guidelines
14. Mutual fund-based question
15. beyond which amt is taxable if it gifted by anyone else other than close relatives
16. Objectives of Retail banking
17. Surface act hub
18. Fire Insurance Time Deposits
19. Convertible bond
20. Overdraft facility available in Minor Account
21. Event based Insurance
22. Benefits of Marketing Information System
23. Suraksha Bima Yojana
24. Atal Pension Yojana
25. Right to Privacy
26. Portfolio Management Trade Off

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