

Banking Loan Clerk Job Interview Questions And Answers



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Banking Loan Clerk Interview Questions And Answers Guide.

Question - 1:

Explain me what is Bank rate?

Ans:

A Bank rate is the interest rate that is charged by a country's central or federal bank on loans and advances to control money supply in the economy and the banking sector. This is typically done on a quarterly basis to control inflation and stabilize the country's exchange rates. A fluctuation in bank rates triggers a ripple-effect as it impacts every sphere of a country's economy. For instance, the prices in stock markets tend to react to interest rate changes. A change in bank rates affects customers as it influences prime interest rates for personal loans.

[View All Answers](#)

Question - 2:

Tell me are you a reliable person with strong work ethics?

Ans:

Not a surprising question to ask a bank clerk. Reliability implies the ability to maintain confidentiality and never disclose any banking information to unauthorized persons outside work. Reliability and work ethics also imply the ability to perform customer operations honestly and with care.

[View All Answers](#)

Question - 3:

Tell us what is the difference between 'Cheque' and 'Demand draft'?

Ans:

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.

[View All Answers](#)

Question - 4:

Tell me what is Statutory Liquidity Ratio - SLR?

Ans:

Statutory Liquidity Ratio refers to the amount that the commercial banks require to maintain in the form of cash, or gold or govt. approved securities before providing credit to the customers. Statutory Liquidity Ratio is determined and maintained by the Reserve Bank of India in order to control the expansion of bank credit.

[View All Answers](#)

Question - 5:

Tell us how bank earns profit?

Ans:

The bank earns profit in various ways

- * a) Banking value chain
- * b) Accepting deposit
- * c) Providing funds to borrowers on interest
- * d) Interest spread
- * e) Additional charges on services like checking account maintenance, online bill payment, ATM transaction

[View All Answers](#)

Question - 6:

Tell us what is 'balloon payment'?

Ans:

The 'balloon payment' is the final lump sum payment that is due. When the entire loan payment is not amortized over the life of the loan, the remaining balance is due as the final repayment to the lender. Balloon payment can occur within an adjustable rate or fixed rate mortgage.



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Question - 7:

Tell us what is 'Availability Float'?

Ans:

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.

[View All Answers](#)

Question - 8:

Explain me what was the purpose of setting up NABARD?

Ans:

NABARD is the apex institution for the development of farm sector, cottage industries and small scale industries in rural areas.

[View All Answers](#)

Question - 9:

Tell us what is overdraft protection?

Ans:

Overdraft protection is a service that is provided by a bank to their customer. For instance, if you are holding two accounts, saving and credit account, in the same bank. Now if one of your accounts does not have enough cash to process the cheques, or to cover the purchases. The bank will transfer money from one account to another account, which does not have cash so to prevent check return or to clear your shopping or electricity bills.

[View All Answers](#)

Question - 10:

Tell me what is the difference between bank guarantee and letter of credit?

Ans:

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.

[View All Answers](#)

Question - 11:

Tell me what are the primary functions of a commercial bank?

Ans:

The primary functions of a commercial bank include:

- a) accepting deposits; and
- b) granting loans and advances

[View All Answers](#)

Question - 12:

Explain me what is Repo rate?

Ans:

Whenever the banks have any shortage of funds they can borrow it from the central bank. Repo rate is the rate at which our banks borrow currency from the central bank. A reduction in the repo rate will help banks to get Money at a cheaper rate. When the repo rate increases borrowing from the central bank becomes more expensive. The Reverse repo rate is the rate at which the central bank borrows from the banks, while the Repo rate is the rate at which the banks borrow from the central bank.

[View All Answers](#)

Question - 13:

Tell me what personal characteristics should a bank clerk possess?

Ans:

Besides being presentable in both appearance and demeanor, a bank clerk must be responsible, a quick and efficient worker, and committed to flawless performance. Clients are easily annoyed by mistakes when it comes to their bank accounts and money transactions.

[View All Answers](#)

Question - 14:

Explain me what are Derivatives?

Ans:

In Derivative market the value of the instruments bought and sold is based on value of the underlying asset. The value of the instrument is 'derived' from the value of the underlying asset and hence it is known as Derivatives.

[View All Answers](#)

**Question - 15:**

Tell us what is Payday loan?

Ans:

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.

[View All Answers](#)

Question - 16:

Tell us what is 'Fixed' APR and 'Variable' APR?

Ans:

'APR' (Annual Percentage Rate) can be 'Fixed' or 'Variable' type. In 'Fixed APR', the interest rate remains same throughout the term of the loan or mortgage, while in 'Variable APR' the interest rate will change without notice, based on the other factors like 'prime rate'.

[View All Answers](#)

Question - 17:

Explain me about Network of Corporation bank?

Ans:

The Bank with a Network of 1176 Branches, 1159 ATM centers, and 1408 Grameen vikas kendras as on 30th Sept 2010 .with 10 million customers across india.

[View All Answers](#)

Question - 18:

Tell me what is investment banking?

Ans:

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.

[View All Answers](#)

Question - 19:

Tell me what is GDP?

Ans:

Gross Domestic Product is the sum of all the goods and services produced within physical borders of a country in within a specific period of time.

[View All Answers](#)

Question - 20:

Tell us what is adjustment credit?

Ans:

Adjustment credit is a short-term loan made by the Federal Reserve Bank (U.S) to the commercial bank to maintain reserve requirements and support short term lending, when they are short of cash.

[View All Answers](#)

Question - 21:

Do you know what is Cost Of Funds Index (COFI)?

Ans:

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

[View All Answers](#)

Question - 22:

Tell me what is CRR?

Ans:

Cash Reserve Ratio is percentage of customer's deposits with commercial banks that they need to deposit with RBI. Right now it's 4%.

[View All Answers](#)

Question - 23:

Tell me what is DeMat account?

Ans:

It is the process of converting the physical share certificates into equivalent number of electronic holdings

[View All Answers](#)

Question - 24:

Tell me why you want to enter in Banking industry?

Ans:



Because this industry is growing steadily and there would be no limit to my career growth. Further I need stability in my career.

[View All Answers](#)

Question - 25:

Tell me what is GNP?

Ans:

GNP = GDP + Income of residents overseas - Income of Foreigners within the borders of domestic economy

[View All Answers](#)

Question - 26:

Do you know what is Bank rate?

Ans:

Rate at which RBI lends money to commercial banks without any security.

[View All Answers](#)

Question - 27:

Explain me what is Monetary Policy?

Ans:

Policy by which a central authority attempts to control liquidity and interest aimed high growth rate and price stability.

[View All Answers](#)

Question - 28:

Tell me why don't you join your father's business?

Ans:

He is not making much money so he ordered me to do a job.

[View All Answers](#)

Question - 29:

Tell me what ACH stands for?

Ans:

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

[View All Answers](#)

Question - 30:

Explain what is bank? What are the types of banks?

Ans:

A bank is a financial institution licensed as a receiver of cash deposits. There are two types of banks, commercial banks and investment banks. In most of the countries, banks are regulated by the national government or central bank.

[View All Answers](#)

Question - 31:

Tell us what is 'Loan grading'?

Ans:

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.

[View All Answers](#)

Question - 32:

Explain what are the different types of 'Fixed Deposits'?

Ans:

There are two different types of 'Fixed Deposits'

Special Term Deposits: In this type of 'Fixed Deposits', the earned interest on the deposit is added to the principal amount and compounded quarterly. This amount is accumulated and repaid with the principal amount on maturity of the deposit.

Ordinary Term Deposits: In this type of 'Fixed Deposits', the earned credit is credited to the investor's account, once in a quarter. In some cases, interest may be credited on a monthly basis.

The earned interest on fixed deposits is non-taxable. You can also take a loan against your fixed deposit.

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Question - 33:

Tell me what is RuPay card?

Ans:

RuPay is India's own card payment system launched by National Payments Corporation of India (NPCI)



[View All Answers](#)

Question - 34:

Tell me what are various investments under section 80(C) of Income Tax act?

Ans:

- * Fixed deposit (5 years)
- * PPF
- * Equity mutual funds
- * ELSS
- * EPF and VPF
- * NSCs (National Saving Certificate)
- * ULIPs
- * NPS (Pension plans)
- * Life insurance

[View All Answers](#)

Question - 35:

Tell me what would you consider important for a bank clerk, being the first point of contact with customers?

Ans:

Bank clerks should be highly aware of their position as the first point of contact for most customers. Clerks are the face of the company; they are presentable and professional in demeanor. They answer all queries clearly and politely.

[View All Answers](#)

Question - 36:

Explain me the reforms that taken place in the Indian banking industry?

Ans:

The Narasimham Committee laid the foundation for the reformation of the Indian banking sector. Constituted in 1991, the Committee submitted two reports, in 1992 and 1998, which laid significant thrust on enhancing the efficiency and viability of the banking sector.

[View All Answers](#)

Question - 37:

Tell me what is ILOC (Irrevocable Letter Of Credit)?

Ans:

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.

[View All Answers](#)

Question - 38:

Tell me what is 'Cheque Discount'?

Ans:

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.

[View All Answers](#)

Question - 39:

Tell me what is SLR?

Ans:

Statutory Liquidity Ratio is the percentage of liabilities and time deposits that commercial banks need to keep with them in form of Cash, Gold or Government approved securities. Right now SLR is 22%

[View All Answers](#)

Question - 40:

What is bull and Bear market?

Ans:

When investors expect prices to rise, it's known as Bull market.
When investors expect prices to fall, it's known as Bear market.

[View All Answers](#)

Question - 41:

Tell me what are open market operations?



Ans:

Buying and selling of government securities and bonds in open market by Government to maintain desired liquidity levels.

[View All Answers](#)

Question - 42:

Tell me what are the different types of Loans offered by Commercial Banks?

Ans:

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.

[View All Answers](#)

Question - 43:

Tell us what is Charge-off?

Ans:

Charge off is a declaration by a lender to a borrower for non-payment of the remaining amount, when borrower badly falls into debt. The unpaid amount is settled as a bad debt.

[View All Answers](#)

Question - 44:

Explain what is (APR) Annual Percentage Rate?

Ans:

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.

[View All Answers](#)

Question - 45:

Tell me why do you choose clerk job as your career?

Ans:

You just say, "Job Security and Job in Corporation bank is a privilege and it is a service to nation"

[View All Answers](#)

Question - 46:

Explain what are the things that you have to keep in concern before opening the bank accounts?

Ans:

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.

[View All Answers](#)

Question - 47:

Tell us what do you mean by 'foreign draft'?

Ans:

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.

[View All Answers](#)

Question - 48:

Explain me what is Line of credit?

Ans:

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).

[View All Answers](#)

Question - 49:

Explain me what is Convertibility Clause?



Ans:

For certain loan, there is a provision for the borrower to change the interest rate from fixed to variable and vice versa is referred as Convertibility Clause.

[View All Answers](#)

Question - 50:

Explain me bank clerking duties?

Ans:

Among the most common transactions are receiving deposits, cashing checks, and handling withdrawals. To perform such operations, clerks need to perform client identification and ensure validity of signature on documents and checks.

[View All Answers](#)

Question - 51:

Do you know what are various services provided by a commercial bank?

Ans:

- * Lockers
- * Safe custody of funds
- * Advancing loans
- * Fund transfers
- * Periodic payments
- * Underwriting of shares
- * Dealing in foreign exchange
- * Discounting of loans
- * Overdraft

[View All Answers](#)

Question - 52:

Tell me what are various functions of RBI?

Ans:

- * Government's banker and performs banking functions for the central and the state governments.
- * Bankers of banks
- * Maintain liquidity in the economy
- * Regulator of country's financial system
- * Regulates and facilitates foreign trade advisor to the Government of India
- * Issue currency notes

[View All Answers](#)

Question - 53:

Do you know what is Fiscal policy?

Ans:

Government revenue generation and spending policies that impact the macro economy.

[View All Answers](#)

Question - 54:

Tell me what is SWIFT?

Ans:

Financial messaging network which exchanges messages between banks and financial institutions

[View All Answers](#)

Question - 55:

Explain corporation bank "Corporate Vision"?

Ans:

The Most Preferred Bank with Global Standards

[View All Answers](#)

Question - 56:

Do you know what are the types of accounts in banks?

Ans:

- a) 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.
- b) 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.
- c) 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.
- d) 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.



[View All Answers](#)

Question - 57:

Tell us what is 'Credit-Netting'?

Ans:

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.

[View All Answers](#)

Question - 58:

Tell us what do you mean by term 'Usury'?

Ans:

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

[View All Answers](#)

Question - 59:

Tell me why are you not working anywhere from past 6 months?

Ans:

As competition in banking exams is fierce, I was preparing for bank exams and a job could distract me from my mission. I concentrated on bank exams preparations only.

[View All Answers](#)

Question - 60:

Explain me what is IRDA and what are its functions?

Ans:

Insurance Regulatory And Development Authority (IRDA) is the sole authority to regulate the insurance industry in India, to ensure the growth of insurance industry and protect the interest of policy holders.

[View All Answers](#)

Question - 61:

When was nationalized corporation bank?

Ans:

15th April, 1980

[View All Answers](#)

Question - 62:

Please explain what are the types of Commercial Banks?

Ans:

a) 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

b) Corporate or business banking

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

c) 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.

d) 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

[View All Answers](#)

Question - 63:

Tell us what is negative Amortization?

Ans:

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'.

[View All Answers](#)

Question - 64:

Tell me what is inter-bank deposit?

Ans:

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.

[View All Answers](#)

**Question - 65:**

Explain what is the card based payments?

Ans:

There are two types of card payments

- a) Credit Card
- b) Debit Card

[View All Answers](#)

Question - 66:

Tell us what do you mean by 'cheque endorsing'?

Ans:

'Endorsing cheque' ensures that the cheque get deposited into your account only. It minimizes the risk of theft. Normally, in endorsing cheque, the cashier will ask you to sign at the back of the cheque. The signature should match the payee.

[View All Answers](#)

Question - 67:

Tell me what is 'Bill Purchase'?

Ans:

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.

[View All Answers](#)

Question - 68:

Why you left your previous job as Banking Loan Clerk?

Ans:

I can see a better and properous career in banking industry.

[View All Answers](#)

Question - 69:

Tell me what is PPF?

Ans:

Public Provident Fund is a tax saving investment for individuals.

Features :-

- * Number of deposits per year - 1 to 12
- * Minimum deposit - Rs 500
- * Interest received is tax free
- * Investment is exempted under section 80(c)

[View All Answers](#)

Question - 70:

Do you know what is Call option and Put option?

Ans:

Call option - An option which gives right to the Option Holder to buy a certain stock at specified time and specified date

Put option - An option which gives right to the Option Holder to sell a certain stock at specified time and specified date

[View All Answers](#)

Question - 71:

Tell me what is Service Tax?

Ans:

Tax levied on providing services in India, Rate is 12% + 0.36% for Education Cess.

[View All Answers](#)

Question - 72:

Do you know what was the coporation bank initial name?

Ans:

Initially the name was "Canara Banking Corporation (Udipi) Limited" later In 1939, the Bank's name changed from Canara Banking Corporation (Udipi) Ltd., to "Canara Banking Corporation Ltd.," with the motto-" Sarve Janah Sukhino Bhavantu" which means "Prosperity to All ".The second change in the name of the Bank occurred in 1972, from 'Canara Banking Corporation Ltd.' to 'Corporation Bank Limited.' and finally 'Corporation Bank' following its nationalization on 15th April,1980.

[View All Answers](#)

Question - 73:

Tell me what is cashier's cheque?



Ans:

A cashier cheque issued by the bank on behalf of the customer and takes the guarantee for the payment. The payment is done from the bank's own funds and signed by the cashier. The cashier cheque is issued when rapid settlement is necessary.

[View All Answers](#)

Question - 74:

Explain what are the different types of banking software applications are available in the Industry?

Ans:

There are many types of banking software applications and few are listed below

- Internet banking system: Internet banking allows the customers and financial institution to conduct final transaction using banks or financial institute website.
- ATM banking (Automated Teller Machine): It is an electronic banking outlet, which allows customers to complete basic transaction.
- Core banking system: Core banking is a service provided by a networked bank branches. With this, customer can withdraw money from any branch.
- Loan management system: The database collects all the information and keeps the track about the customers who borrows the money.
- 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.
- Investment management system: It is a process of managing money, including investments, banking, budgeting and taxes.
- Stock market management system: The stock market management is a system that manages financial portfolio like securities and bonds.
- 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.

[View All Answers](#)

Question - 75:

Tell us what are the different ways you can operate your accounts?

Ans:

You can operate your bank accounts in different ways like

- Internet banking
- Telephone or Mobile banking
- Branch or Over the counter service
- ATM (Automated Teller Machine)

[View All Answers](#)

Question - 76:

Tell me what is Cash Reserve Ratio - CRR?

Ans:

The Cash Reserve Ratio (CRR) refers to the liquid cash that banks have to maintain with the Reserve Bank of India (RBI) as a certain percentage of their demand and time liabilities. For example if the CRR is 10% then a bank with net demand and time deposits of Rs 1,00,000 will have to deposit Rs 10,000 with the RBI as liquid cash.

[View All Answers](#)

Question - 77:

When did the corporation bank came into existence?

Ans:

Established on 12th march 1906 at the temple town of UDUPI in karnataka state.

[View All Answers](#)

Question - 78:

Explain what is Mutual Fund? What is safest type of fund?

Ans:

Mutual Fund is a pool of fund where investors invests their money for a common objective.

Benefits of Mutual funds

Exempted under section 80(C)

Managed by experts

Index funds are safest because money is invested in all index stocks. The rise or fall of value align with index.

[View All Answers](#)

Question - 79:

Tell me what is an Option in derivative market?

Ans:

An Option give right to Option Holder to buy or sell a commodity during a certain period of time or on a specific date.

[View All Answers](#)

Question - 80:

Tell me what is CP?

Ans:

Commercial paper is a short term unsecured debt instrument.



[View All Answers](#)

Question - 81:

Tell me are you able to work in a computerized environment and spend long hours at the computer?

Ans:

Banks are computerized. Clerks are required to operate basic computer applications, including the banking program that the bank is using. The job might involve some walking to consult other staff members or manipulate documentation. Otherwise, the job is sedentary and requires care and patience.

[View All Answers](#)

Question - 82:

Explain what are the different types of Loans offered by banks?

Ans:

The different types of loans offered by banks are:

- a) Unsecured Personal Loan
- b) Secured Personal Loan
- c) Auto Loans
- d) Mortgage Loans
- e) Small business Loans

[View All Answers](#)

Question - 83:

Tell us what do you mean by term 'Loan Maturity' and 'Yield'?

Ans:

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.

[View All Answers](#)

Question - 84:

Explain me what is home equity loan?

Ans:

Home equity loan, also known as the second mortgage, enables you to borrow money against the value of equity in your home. For example, if the value of the home is \$1, 50,000 and you have paid \$50,000. The balance owed on your mortgage is \$1, 00,000. The amount \$50,000 is an equity, which is the difference of the actual value of the home and what you owe to the bank. Based on equity the lender will give you a loan. Usually, the applicant will get 85% of the loan on its equity, considering your income and credit score. In this case, you will get 85% of \$50,000, which is \$42,500.

[View All Answers](#)

Question - 85:

Tell us what is 'Amortization'?

Ans:

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

[View All Answers](#)

Question - 86:

Tell me do bank charge for 'overdraft protection' service?

Ans:

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

[View All Answers](#)

Question - 87:

Do you know what is consumer bank?

Ans:

Consumer bank is a new addition in the banking sector, such bank exist only in countries like U.S.A and Germany. This bank provides loans to their customer to buy T.V, Car, furniture etc. and give the option of easy payment through instalment.

[View All Answers](#)

Question - 88:

Explain me what are the functions of Reserve Bank of India?

Ans:

Mainly the functions of RBI are classified as follows:

- * Bank of Issue
- * Banker to Government
- * Bankers' Bank and Lender of the Last Resort
- * Controller of Credit



- * Custodian of Foreign Reserves
- * Supervisory functions
- * Promotional functions

[View All Answers](#)

Question - 89:

Tell me who is the Chairman of Corporation Bank?

Ans:

Shri Ramnath Pradeep appointed on Sept 1st 2010.

[View All Answers](#)

Question - 90:

Tell me what is GST?

Ans:

Goods and Services Tax, decision on this tax is pending. GST is going to replace all indirect taxes.

[View All Answers](#)

Question - 91:

Tell me what is Fiscal deficit?

Ans:

Excess of government expenditure over revenue

[View All Answers](#)

Question - 92:

Tell me what are NPAs?

Ans:

NPA stands for Non-Performing Assets.

Bank gives loans and advances to its customers. These loans and advances are bank's assets. When the customers don't repay back the bank's money they don't perform. Such assets are known as Non-Performing Assets.

[View All Answers](#)

Question - 93:

Tell me can you shift to another city?

Ans:

Yes, this job means a lot to me. I can move anywhere.

[View All Answers](#)

Question - 94:

Do you know what is 'Bill Discount'?

Ans:

'Bill Discount' is a settlement of the bill, where your electricity bill or gas bill is sold to a bank for early payment at less than the face value and the bank will recover the full amount of the bill from you before bill due date. For example, electricity bill for XYZ is \$1000; the electricity bill company will sell the bill to the bank for 10% to 20% discount to the face value. Here, the bank will buy the electricity bill for \$900 whose face value is \$1000, now the bank will recover, full amount of bill from the customer i.e \$1000. If the customer fails to pay the bill, the bank will put interest on the outstanding bill and ask the customer for the payment.

[View All Answers](#)

Question - 95:

Tell us what 'LIBOR' stands for?

Ans:

'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.

[View All Answers](#)

Question - 96:

Tell us what are payroll cards?

Ans:

Payroll cards are types of smart cards issued by banks to facilitate salary payments between employer and employees. Through payroll card, employer can load salary payments onto an employee's smart card, and employee can withdraw the salary even though he/she doesn't have an account in the bank.

[View All Answers](#)

Question - 97:

Tell us what do you mean by co-maker?



Ans:

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.

[View All Answers](#)

Question - 98:

Tell us what is 'Credit Check'?

Ans:

A credit check or a credit report is done by the bank on a basis of an individual's financial credit. It is done in order to make sure that an individual is capable enough of meeting the financial obligation for its business or any other monetary transaction. The credit check is done keeping few aspects in concern like your liabilities, assets, income etc.

[View All Answers](#)

Question - 99:

Explain what is debt-to-Income ratio?

Ans:

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

[View All Answers](#)

Question - 100:

Tell us what is the 'cost of debt'?

Ans:

When any company borrows funds, from a financial institution (bank) or other resources the interest paid on that amount is known as 'cost of debt'.

[View All Answers](#)

Question - 101:

Do you know what is 'prime rate'?

Ans:

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%.

[View All Answers](#)

Question - 102:

Explain what is 'Crossed Cheque'?

Ans:

A crossed cheque indicates the amount should be deposited into the payees account and cannot be cashed by the bank over the counter. Two cross-lines on the left side corner of the cheque that indicates crossed cheque.

[View All Answers](#)

Question - 103:

Please explain what is commercial bank?

Ans:

Commercial bank is owned by the group of individuals or by a member of Federal Reserve System. The commercial bank offer services to individuals, they are primarily concerned with receiving deposits and lending to business. Such bank earns money by imposing interest on the loan borrowed by the borrower. The money that is deposited by the customer will be used by the bank to give business loan, auto loan, mortgages and home repair loans.

[View All Answers](#)

Question - 104:

Do you know where was the Head Quarters of Corporation Bank located?

Ans:

Mangalore in karnataka state

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