KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University Established Under Section 3 of UGC Act 1956)

Coimbatore –641 021.

Enable | Enlighten | Enrich
(Deemed to be University)
(Under Section 3 of UGC Act 1956)

LECTURE PLAN
DEPARTMENT OF COMMERCE

STAFF NAME: Dr.G.G.LOGANATHAN
SUBJECT NAME: BUSINESS PROCESS SERVICES IN BANKING
SUB.CODE: 18BPU403 B SEMESTER: IV CLASS: II BCOM-BPS

S.No	Lecture Duration Period	Topics to be Covered	Support Material/Page Nos
		UNIT-I	
1	1	***Overview of banking :*** Functions and products of a bank –Liabilities-deposits, Assets- loans and advances	T:M1:Pg.No.7
2	1	Payments	T:M1:Pg.No.43-51
3	1	Risk management, Financial accounting	T:M1:Pg.No.15-22
4	1	Customer service data and voice, maintenance, complaints, metrics management productivity, quality SLA tracking and monitoring	T:M1:Pg.No.23-29
5	1	Pricing methodologies, commonly available certifications ISO,COPC,CMMI,PCI etc.,	T:M1:Pg.No.30-34, W1,W2,W3,W4
6	1	Risk and control, AML/KYC, Information security	T:M1:Pg.No.35-41, T:M1:Pg.No.42-43
7	1	Recapitulation and Discussion of Important Questions	-
		Total No of Hours Planned For Unit I	**7**
		UNIT-II	
1	1	**Retail Banking:** Account origination	T:M2:Pg.No.5-16
2	1	Account servicing, issue of cheque books, card pin, AML/KYC checks, a/c conversion, closure, customer correspondence	T:M2:Pg.No.22-33
3	1	ATM management	T:M2:Pg.No.37-42
4	1	Time deposits, Placement , maintenance, breakage, liquidation,booking, top up, roll over, payment processing	T:M2:Pg.No.16-20,27,43-51
5	1	Retail wealth management, mutual fund products, equity, bonds, structured notes,	T:M2:Pg.No.52-70

		corporate action , reconciliation, Risk- control and Information security	
6	1	Recapitulation and Discussion of Important Questions	
Total No of Hours Planned For Unit II			**6**
		UNIT-III	
1	1	**Basics of cards** Types of cards, Cards-components, entities involved ,overview of associations	T:M3::Pg.No.5-7
2	1	Origination-policy, account opening, dispatch, delivery, card maintenance	T:M3::Pg.No.17-20
3	1	Payments- concept, application, investigation, statement validation, Products on cards- reward programmes	T:M3::Pg.No.9-12
4	1	**Authorization and risk reviews** -Settlement life cycle, authorization, settlement and reconciliation, accounts and interchange settlement, settlement to association, parameter design, referral authorization	T:M3:Pg.No.13-14
5	1	Financial accounting, bank account and payment reconciliation, General ledger and ATM reconciliation, Customer relationship Management, Dispute processing and fraud investigation	T:M3:Pg.No.15-16, T:M3:Pg.No..21-23
6	1	Collection including data review, field collection & account maintenance and collection audit	T:M3:Pg.No.25
7	1	Recapitulation and Discussion of Important Questions	-
Total No of Hours Planned For Unit III			**7**
UNIT-IV			
1	1	**Consumer loan mortgages and trade finance:** Lead generation-regulation requirements-mortgage originations-sales/new application management	W5
2	1	Support and settlement services, pre-underwriting , Underwriting ,verification and closing, Quality control and repurchase	T:M4:Pg.No13-19
3	1	Mortgage servicing ,customer service ,account maintenance, Payment processing, a/c closure,, collection, default activities, Front end activities, foreclosure and loss mitigation	T:M4:Pg.No.20-24
4	1	Bankruptcy –support functions- Quality assurance –domain learning and development, Regulatory agencies	T:M4:Pg.No.22-23, T:M4:Pg.No.8,25-29

5	1	**Introduction to trade**: Parties and terminologies in International trade, risks associated and its mitigants	T:M6:Pg.No.8-13
6	1	Role of banks & documents in International trade-Letter of credit(L/C)-parties to LC and types, LC- issuance, advising, amendment, confirmation, document checking, acceptance and payment, ,	T:M6:Pg.No.26-29, 38-41,42-43
7	1	Collection-parties to collection, types of collection-document checking, acceptance and payment- method of payment-advance, open account, documentary collection and credit	T:M6:Pg.No.19-26,29-34
8	1	Guarantee/SLBC types of guarantee-issuance, amendment ,claim/settlement and cancellation-reimbursement-authorisation, claim/payment, clean payment, irrevocable undertaking ,FI advance	T:M6:Pg.No.34,51-56
9	1	Loans and finances- syndicated loans, corporate advances, receivable finance, supplier finance, commodity finance, channel finance, Bill finance/discounting	T:M6:Pg.No.59-60
10	1	Basics and outline of UCP 600,ISBP,URC 522,URR725,URDG and ISP98,	T:M6:Pg.No.57-58,
11	1	Value added services- after service, trading compliance, advisory/customer owner-overview on specialized training course for CDCD certification	T:M6:Pg.No.61-63
12	1	Recapitulation and Discussion of Important Questions	-
Total No of Hours Planned For Unit IV			12
UNIT-V			
1	1	**Cash Management Overview:** Cash Management products-a glance, brief on all products, Payments life cycle-payments origination and various products in originations	T:M5:Pg.No.5-7, T:M2:Pg.No.43-51
2	1	Introduction to fund transfer-various types of fund transfer (clearing, treasury payments, bill receivables, collections, lock box, loans/deposits, Bulk remittances-funds-pre-fund transfer, a/c opening and maintenance, workflow management-funds transfer-	T:M5:Pg.No.8-10, T:M2:Pg.No.45
3	1	Payments-instruction acceptance, payment security, call back and other controls, Routing and accounting entries-settlement and payment structuring, Various clearing systems-overview-	T:M2:Pg.No.46-51, T:M2:Pg.No.5-7

		post funds transfer	
4	1	Nostro reconciliations- proofing – investigations, Financial messaging-tracking –MIS and treasury reporting –amendments and collections, Risk management around payments- few case studies, STP analysis and improvements	T:M5:Pg.No.45, W6, T:M5:Pg.No.12-13, :M5:Pg.No.23,W7
5	1	Recapitulation and Discussion of important Questions	-
		Total No of Hours Planned for Unit V	**5**
6	1	Discussion of Previous ESE Question Papers.	-
7	1	Discussion of Previous ESE Question Papers.	-
8	1	Discussion of Previous ESE Question Papers.	**3**
Total Number of hours planned for Unit V and discussion of previous year ESE question papers			**8**
Total Number of hours allotted for all five units			**40**

T: Text book , M- Module

TCS reading material

Website: (W)

W_1: http://www.iso.org - certification
W_2: http://www.copc.com- certification
W_3: http://www.cmmiinstitute.com- certification
W_4: http://www.pcisecurity standards.org- certification
W_5: https://www.outsource2india.com/callcenter/mortgage-lead-generation-services.- Lead Generation
W_6: https://www.edgeverve.com../nostro-reconciliation- nostro reconciliation
W_7: https://www.investopedia.com/terms/s/straightthroughprocessing.asp

UNIT-I- Overview of Banking

SYLLABUS

Overview of Banking : Functions and Products of a Bank, Liabilities—Deposits, Assets---Loans and Advances, Payments, Risk Management
Common across all products : Financial Accounting, Customer Service Data&Voice, covering maintenance, disputes and complaints, Metrics management productivity, quality SLA Tracking and monitoring, Pricing methodologies available, Commonly available Certifications ISO-COPC-CMMI-PCI etc, Risks and Controls-AML-KYC-Info security etc

BANK- MEANING

British: A banker is an individual,partnership or Corporation whose sole predominant business is receipt of money on current or deposit account , and payment of cheques drawn by and collection of cheques paid in by a customer
USA: A bank includes every person, firm or Company having a place of business where credits are opened by the deposit or collection of money or currency, which is to be paid or remitted on draft, cheque or order, or money is advanced or loaned on stocks, bonds,bullion , bills of exchange , or promissory notes are received for discount or sale.
Indian : A bank accepts deposits of money from public for the purpose of lending or investment, which is repayable on demand or otherwise and can be withdrawn by cheque,draft and order or otherwise

A bank is a financial institution that accepts deposits from th public and creates credit. Banks operate by borrowing funds-usually by accepting deposits or by borrowing in the money markets. Banks borrow from individuals, businesses, financial institutions, and governments with surplus funds (savings).

FUNCTIONS OF A BANK:

Traditional or core functions

- Acceptance of deposits
- Paying of cheques
- Lending or investing

- Remittance of funds

Additional functions

- **Correspondent or agency** functions to transfetr /collect funds all over the world
- **Custodial** – safe deposit lockers and demat
- **Advisory** – wealth management and insurance

The basic function of any bank is to accept deposits from the public for the purpose of lending loans to the public and invest the amount in securities.

- Acceptance of deposits and lending loans are called as the primary functions of any bank
- The secondary functions at present are – selling gold coins, insurance products and mutual fund products. Apart from the above the banks open demat accounts and undertake remittance services namely; issue of demand drafts, online remittance facilities like RTGS and NEFT etc.,
- The banks also provide safe deposit locker facilities and safe custody services to the customers.

Banks work as financial intermediates. They collect the money from those having excess money and provide them liquidity, safety and assured return on the sum deposited by them. The Banks then lend the same money to needy persons. The banks provide the borrowers safety against the exploitation and excessive interest charged by the non-institutional money lenders.Along with other the banks facilitate payments between different parties by providing cheque facility internet and mobile banking and other channels. Banks provide other facilities like locker, safe deposit locker, act as an agent of insurance companies, credit card facilities as well. The risk arises from the occurrence of some expected or unexpected events in the economy or the financial markets. Risk can also arise from staff oversight or mala fide intention, which causes erosion in asset values and, consequently, reduces the bank's intrinsic value.

Payments

A large number of transactions which involve acquisition of goods ,financial assets or services have two settlement components:

1. The physical delivery of product or service
2. Financial transaction of fund transfer.

Hence payment is transfer of funds made to the seller of goods and services by the buyer to discharge an obligation. Legally the payer is the party making a payment while the payee or beneficiary is the party receiving the payment.

Common means of payment are through money, cheque,plastic cards or electronic fund transfer.

Fund transfers can be :

1. From person /entity to another person/entity
2. From one account to another account
3. From one place to another place
4. From one currency to another currency

Payments cycle:

The cycle of payment can be initiated by payer or by the beneficiary.

Debit pull: When the cycle is initiated by payee. The beneficiary has to deposit cheques/ card charge slips in his bank to get funds collected from payer's account to beneficiary/payee through electronic mode of RTGS/NEFT.

Credit pull: When the payer initiates the cycle and gives instructions to his bank to remit funds

Parties involved in payments:

Payment by barter- two parties buyer and seller

Payment by cash – minimum three parties buyer, seller and currency issuer

Payment by draft – minimum four parties- buyer, seller , issuing bank and collecting bank)

Parties involved in payments:

1. Payer/remitter
2. Payer's / remitting bank
3. Correspondent bank – The bank acts as intermediary between remitting bank and beneficiary bank.

A correspondent bank is needed when

- Remitting bank is not present in that location and routes transfer through another bank
- Remitting bank is not a member of local clearing for that currency in another country

4. Beneficiary bank – institution with which the beneficiary maintains
5. Beneficiary – the person to whom the funds are transferred to

Payment instruments or products :

A.Physical;

- **Currency note**
- **Cheque**

B. Electronic:

- **Plastics - credit and debit cards**
- **Credit cards –** provide card holders with a credit facility and possibility of deferred payment
- **Debit cards –** allow card holders to pay or withdraw at ATMs directly and individuallyto his linked bank account ,which gets debited without deferral of payment .
- **Transfers :**

  Credit transfers: The payer gives instructions to his bank for transfer of funds to the payee within the country or across borders. A transaction order instructing payer's bank to carry out recurrent payment is called as " Standing order"

  Direct debits: they are payment instruments authorising the debiting of the payer's bank account initiated by the payee on the basis of authorisation received from the payer. The authorisation is called as "Mandate"

Special purpose payment instruments:

1. Money order
2. Traveller's cheques
3. Bank draft
4. Prepaid or stored value cards

Payment communication networks:

1. ATM Services
2. Card payment services –POS sales
3. Mobile
4. Interbank clearing payment and settlement networks

Within India:

- Clearing house
- ECS(DEBIT/CREDIT)
- RTGS/NEFT

Across borders

SWIFT- Society for worldwide Interbank Financial Telecommunications

Risk and controls

Various types of risks faced by banks.

1. Credit risk
2. Market risk
3. Reputational risk
4. Operational risk

1. Credit Risk:

Credit risk or default risk involves inability or unwillingness of a customer to meet commitments in relating to lending mainly.That means non repayment of loans and resulting in non performing assets.

Reasons for credit risk

- External
- Internal

External : State of economy,change in commodity prices,foreign exchange rates,trade restrcictions,economic sanctions, Government policies

Internal : Deficiencies in loan policies,absence of prudential credit limits,Inadequately designed limits for loan officers, credit committees,excess dependence on collaterals and inadequate risk pricing, absence of loan review mechansism.

Management of credit risk:

- Measure risk through credit rating
- Risk pricing on scientific basis
- Effective loan review mechanism and portfolio management

Tools for managing credit risk:

1. Credit approving authority- Evolve multi tier credit approval system
2. Prudential limits: Define single/ group borrower limits
3. Risk rating : Devise a single credit rating system,rating to be done on quality of assets, size of trade,collaterals
4. Risk pricing : Apply risk –return pricing that means borrowers with low credit rating should be charged with high rate of interest
5. Portfolio management: Prescribing quantitative limits of exposure of the assets in various risk categories
6. Loan review management: Identify potential bad loans and take corrective measures,regular evaluation of assets and collaterals, follow up of loans

2. Market risk :

Market rate risk of different types

a. Liquidity risk
b. Interest rate risk
c. Foreign exchange risk
d. Commodity risk
e. Equity price risk

Management of market risk: Through asset liability management committee , operating limits of line management should be specified

3. Reputaion risk :

It is the risk of loss due to a firm"s reputation due to negative publicity resulting in increased costs, reduced shareholder value and loss of customers.

Management of reputation risk:

- Crsis management processes are planned and documented
- Perceptions to be measured

- Track reputional thrests systematically
- Training employees
- Publish labour practices

4. Operational risk :

It is the risk due to inadequate or failure of internal processes,peope and systems or from the external events.

Tools for Mnaging operational risk:

- Close managementoverrsight
- Segregation of duties
- Adequate insurance
- Training
- Vendor check
- Business Continuity plan

Risk management regulations :

1. **Sarbanes- Oxley Act, (SOX)-** known as A public Company Accounting Reform and Protection Act.Enacted by 2 US congress men in 2002.It sets standards for all public company boards,management and accounting firms.
2. **Statement and auditing standards – SAS-** Enacted in US due to outsourcing of services,In India , AAS24 (Audit and Assurance Standards 24) .It was established for audit considerations relating to entities using service organisations issed Chartered Accountants of India
3. **CAMELS-** developed in US to ascertain the bank"s overall condition. Capital adequacy,assets,management quality,earning liquidity sensitivity,(risk)
4. **BASEL- Basel Committee on banking supervision** –established in 1974 to improve collaboration among bank supervisors.It was established under the auspices of Bank of International Settlkement located in basel,Switzerland.

Financial accounting

It is a process of recording , summarising and reporting the myriad of transactions from business operations over a period of time .These transactions are summarised in the preparation of financial statements, cash flow , that record the Company"s operating performance over a specific period.

Financial Accounting utilises services of accounting principles like US GAAP: (Generally Accepted Accounting Principles).The establishment of these accounting principles is to provide consistant information to investors, creditors and regulators and tax authorities.

Customer service data and voice, maintenance complaints, SLA tracking :

Customer service is ensuring satisfaction with products or services .It happens during in person interaction,phone,self service systemsduring transactions

Customer service methods:

1. Face to face
2. Telephonic
3. In person
4. IVR (Interactive voice response)
5. ATM/KISOSK
6. Internet – mails, online agents

Basic principles in customer service:

- Treating fairly
- Standards
- Grievance /dispute redressal

Customer service voice:

1. Automated call distributors
2. CRM application
3. Campaign management system
4. Computer telephony Integration
5. Call recording systems
6. Workforce management software
7. Quality management application
8. Time Division multiplying over IP
9. E mail management

Complaints

It is a dissatisfaction expressd orally or in writing by a customer or his representative about the Company's provision or the failure to provide a service .

Customer service directives in India :

Damodaran committe recommended specifiec products like no-frill accounts, basic SB accounts , banking in tribal, north esat regions , relaxing KYC , customer infromations like notices , statement , passbook

BCSBI: Banking codes and standards Board of India was set up as per S.S.Tarapore Committe to look into service standards to be fixed by banks.

SLA(Service Level Agreement)
SLA is a commitment between service provider and a client particularly in aspects of service, quality, availability and responsibility

PRICING METHODOLOGIES

1. Fund transfer pricing
2. Cost plus
3. Target
4. Value based
5. Auction
6. Option
7. Group or bulk

Fund transfer pricing : Applicable to assets and liabilities .Treasury Department act as intermediary.

All fund raising units borrow funds from the marke → lend money to treasury

Lending units → borrow funds from treasury

FTP allows to calculate Net Interest marging more efficiently

Cost plus: Adding percentage to cost
Target : Used by public utility companies (gas, electricity)
Value based: Based on product value
Auction pricing : Quotes
Options: used in financial markets as derivatives call option and put option
Group or bulk: Bulk purchase like group loans to corporates, real estate developers giving offers

Certifications :

ISO-9001: is a quality management system that can be integrated into business

COPC: Customer Operations Performance Centre

CMMI: Capability Maturity Model Integration.

PCI: Payment card Industry

Anti- Money Launderring (AML)

Money laundering is a process by which the proceeds of crime and the true ownership of fund is concealed so that it appears to come from a legitimate source.

Source of money laundering : Drug trafficking ,people smuggling,arms,antique, gold smuggling,prostitute rings, financial frauds,corruction , illegal sale of wildlife products

Stages in money laundering :

1. **Placement**
2. **Layering**
3. **Integration**

Placement : Smurfing(breaking large amount into small transactions) ,loan repayments,gambling,blend funds, curreccy exchange

Layering : (Structuring): Complex and involves Internation movement of funds, moving money out of offshore banks

Integration: Purchase property,setting up anonymous companies, money is returned back to criminals as if it has come from legal source .

AML regulations :

FATF: Financial Action Task Force –established by G7 countries in 1989.

PMLA: Prevention of Money Laundering Act, 2002 in India

CFT: Combating Financing of Terrorism in US ,2001.

UAPA: Unlawful Activities(Prevention) Act,2008 Under Section 51A, India – empowers central Government to freeze,seize, attach funds held by US asnctin list namely ALQAIDA, TALIBAN.

KNOW YOUR CUSTOMER (KYC)

KYC enables banks to know/ understand theri customers and their business, better and prudent risk management

Definition of a customer : A customer is a person or entity maintaining an account and has business relations with a bank

KYC guidelines /Policy

1. **Customer Acceptance Policy-**opening genuine customer accounts, verify the identity
2. **Customer Identification –** identify customer and verify
3. **Monitoring of transactions –** Monitor large transactions above Rs.10 lakhs and inconsistent transactions
4. **Risk Management –** ***create risk profiles of customers , products and services***
5. **Record maintenance and preservation –** maintain record of transactions above Rs.10 lakhs and suspicious transactions, keep records upto 5 years
6. **Reporting –** As per rule 3 of PMLA Act, cash transactions above Rs.10 lakhs is to be reported by 15 th , report on counterfeit notes,suspicious transactions to be reported within 7 working days to RBI

INFORMATION SECURITY - is the practice of preventing unauthorized access, use, disclosure, disruption, modification, inspection, recording or destruction of information. It is a general term that can be used regardless of the form the data may take (e.g., electronic, physical). Information security (IS) is designed to protect the confidentiality, integrity and availability of computer system data from those with malicious intentions. Digital signatures can improve information security by enhancing authenticity processes and prompting individuals to prove their identity before they can gain access to computer data.

Principles :

1. **Confidentiality-**prevent disclosure to unauthorised recepients
2. **Integrity:** accuracy and consistency
3. **Availability:** through integrated system
4. **Privacy :** collection and storage of data uniquely identifyable
5. **Authenticity:** validating genuine of parties exchanging messages

6. **Non repudiation:** legal aspect to ascertain gender and receiver cannot deny RTGS/SWIFT
7. **Accountability:** All parties made accountable
8. **Audutability:** Process of identification , authorisation and authentication

UNIT-II- Retail Banking

SYLLABUS

UNIT II: Retail Banking
Account Originations - Account Servicing : Issuer of Cheque Books/Cards Pins, AML/KYC Checks, Account Conversions and Closures, Customer Correspondence, ATM Management, Time Deposits – Placements, Maintenance, Breakage, Liquidation, Roll Over, Booking and Top up - **Payment Processing - Retail Wealth Management :** Mutual Fund processing, Mutual Fund processing , Equities , Bonds, Structured Notes, Corporate actions, Reconciliation
Risk -Control and Information Security

ACCOUNT ORIGINATION

For lending and deposits, banks need to open relationships at 2 levels

1. Customer level
2. Account level

1. **Customer Level;**

Customer types :

- **Individuals**
- **Non individuals**
  1. **Sole proprietorship**
  2. **Partneship – unlimited liability and limited liability**
  3. **Unlimited Companies – Private limited and public limited**
  4. **Trusts**
  5. **Associations/society/clubs**
  6. **HUF- Hindu Undivided family**

Individuals :- regular, minor,non residents,foreign nationals

KYC documents;

- Identity proof- paasport,PAN card,Voter ID,driving licence,central Government ID card,aadhar card
- Address proof: unility bill,(telephone,electricity), rent agreement

- Non residents- valid Visa,address and income proof in country of residence
- Foriegn national – valid Indian VISA,address and occupation proof

Non – individuals:

Sole proprietorship: - business firm established, operated and owned by sole individual

KYC documents:

Trade licence ,Exporter/importer code,GST certificate,registration document issued by sales tax,professional tax authorities,license for Chartered Accountant,Indian Medical council

Partneship Companies:

A company formed by 2 or more persons as per Partneship Act,1932.

KYC documents:

Partneship Deed,PAN card copy in name of Company and address proof documents

Limited Companies;

Private Company: a firm governed by provisions of Companies Act,1956.Appropriate incorporation with Registrar of Companies, minimum capital of Rs.1 lakh.

Minimum 2 and maximum 50 share holders , a closely held Company with subscription from individuals.

Public Limited Company :

Company limited by shares and no restrictions for maximum number of share holders, transfer of shares or acceptance of deposits from public.

- Minimum of 7 shareholders , no restriction with maximum number of shares ,
- with minimum paid up capital of Rs.5.00 lakhs.
- Minimum three and maximum 12 Directors.
- Free transfer of shares.
- It is a separate legal entity
- Certificate of commencement of business to be obtained

KYC documents :

1. Memorandum of Association and Artcles of associations
2. Certificate of incorporation
3. PAN for Company

4. Board resolution alongwith Registrar of Companies (ROC) receipt
5. Address proof like utility bills, Form 18 with ROC
6. Authorised signatories

Trusts : Non individual entities created as per Trust Act, 1882. To establish a trust ,a creator of a trust transfers legal ownership of a property to a person or trustee who manages property for the benefit of the beneficiaries.

KYC documents :

1. Trust deed
2. PAN of the trust
3. Registration certificate if registered
4. Resolution of managing body

HUF: Hindu Undivided Family

Is a typical entity with joint families governed by Mitaksara lawenabling right in the undivided property from birth of an individual.Karta is the head and has powers to borrow money . Coparceners are theo other members of the trust.

KYC documents:

- HUF declaration signed by Karta and all coparcerers
- PAN of HU
- Address proof

2. **Account types**
   1. **Current –** regular,EEFC,(Exchange Earners Foreign currecy),FCRA (Foreign Contributions Remittance Accounts)
   2. **Savings-** regular,Corporate,privilege,No frill, minor
   3. **Non resident –** NRE(Non resident External),NRO(Non resident Ordinary),RFC(Resident Foriegn currency)
   4. **Term deposits:** - regular,recurring, FCNR(Foreign Currency Non resident) , Flexi or 2 in 1

Short deposit- 7 days to less than 1 year

Simple deposit- quarterly interest is paid to customer , deposits more than 1 year

Reinvestment- interest compounded

DEMAT

This is an account for shares and mutual funds which are now held in electronic /dematerialised form by investors instead in physical and paper certificates

Parties involved in Depository:

- SEBI- Securities and Exchange Board of India- is the regulatory body of teh depository system
- Beneficial owner (BO)- they are investors or demat account holders who own securities.They are individuals or entities
- Depository Participant – is the representative or agent.They provide link between Company and investors through the depository.Maintain investor"s Demat accounts balances, facilitarte transactions and intimates the status of holding .Banks ,NBFCs, stock brokers,registrars,share transfer agents, public financial institutions
- Depository- it is an organisation used or storage/deposit securities in electronic form and provides transaction services in securities through depository participant.There are two depositories namely NSDL(National Securities Depository Ltd.,) and CDSL(Central Depository Services (India) Ltd.,
- Issuers- are Companies that issue securities such as shares,bonds, mutual funds
- Registrar and Transfer Agents(RTA)- are agents of issuer.They act as an intermediary between issuer and depository for providing services such as dematerialisation , rematerialisation ,, IPO (Initial Public Offer)

ACCOUNT SERVICING

The following servicing categories are to be maintained by banks .

1. RECORD MAINTENANCE
2. ACCOUNT CLOSURES
3. SIGNATURE MAINTENANCE

4. CHEQUE ISSUANCE AND PAYMENT
5. STATEMENT OF ACCOUNTS/PASS BOOK
6. DEBIT CARD/PIN ISSUANCE
7. INTERNET BANKING
8. MOBILE BANKING
9. CUSTOMER CORRESPONDENCE

RECORD MAINTENANCE

A. CUSTOMER LEVEL
B. ACCOUNT LEVEL

CUSTOMER LEVEL

- Personal /entity profile amendments- contact details,address change,phone number , e mail ID, resident status,name change,tax liability status,minor to major,deceased – request through direct contact, phone, IVRS, e mail and net banking
  - ✓ Contact details – the cntact details should be received by branches by written application by authorisewd signatories, over phone after due verification of genuineness , through e mail already registered with the bank.
  - ✓ Address change- customers should provide address proof, the utility bills should have address of the entity or individuals
  - ✓ Phone numbers and e mails should be changed after getting written request or over phone or through mails.
  - ✓ Name change- marriage certificates , affidavit with newspaper advertisement to be taken
  - ✓ Resident status- employment or income record or residence proof abroad
  - ✓ Tax liability status- PAN/FORM 60/FORM 15G/H,FORM 15AA
  - ✓ Minor accounts will be changed to major after obtaining KYC proof
  - ✓ Deceased- the status of
- Bank initiated changes- risk profile updation,AML/KYC risk profiles,regulatory orders like attachment, garnishee order, whereabouts unknown,customer level segments ,
  - ➢ Bank initiated AML/KYC changes are done when transactions do not justify with the nature of business

- When Garnishee order /attachment order received from IT authoriries,enforcement Directorate,police courts etc., suitable restrictions are to be noted and acted upon.
- Customer segments like retails,Corporate,institutional, priority, SME should be properly classified to report to statutory bodies like RBI,Government of India , State Government etc.,

ACCOUNT LEVEL

Cusomer initiated- Nomination, addition/deletion of joint holders, authorised signatory

Bank initated- dormant/unclaimed , unsatisfactory conduct

ACCOUNT CLOSURE

- Instruction,signature,surrendered items like cheque books, ATM/Debit cards, locker keys, interest/TDS,standing instructions ,charges,deactivation , pay out closure proceeds, dormant and unclaimed accounts,deceaded accounts, accounts without survivor/ nominee
- Unsatisfactory account conduct
- KYC/AML non compliance

SIGNATURE MAINTENANCE

- Specimen signature – written, thum impression
- Mandate- singly, either or survivor,former or survivor, any one or survivor, jointly,jointly with limits

CHEQUE ISSUANCE AND PAYMENT

- Cheque book types-bearer,account payee,payable at par,double ply,continuous cheques
- Issuance request

ATM MANAGEMENT

ATM usage was started in India about 31 years back, first by HSBC in 1987.

Developments in ATM

- Offsite ATMs started
- Apart from cash dispensation , balance enquiry,fund transfers,cheque book orders,statement requests, bill payments mobile recharge are added
- Outsourcing of ATM cash management5 to third parties

- Other bank recognised and transactions possible
- Biometric ATM
- Non banks have set up ATMs called White Label ATMs.

Services Available

- Cash withdrawal
- Cash deposit
- Cheque deposit
- Electronic fund transfer
- Cheque book request
- Duplicate ststement
- Balance enquiry
- Utility bill payment
- Recharge

ATM models

1. Lobby type- installed in a secured environmentsituated adjescent to bank premises
2. Windowor wall type – facial of ATM visible and maintenance work from back side
3. Drive in type- placed on road side

Managment of ATM

- Transaction process- 24/7
- Field services-providing physical security ,housekeeping, cash replenishments
- Managed services- monitoring equipments
- Asset related services- outsourcing

RBI mandate on customer service :

- Message on non availability of ATM displayed
- PIN mandatory
- Time limit for failed transactions to be solved within 7 days – penalty of Rs.100/day
- All disputes to be solved by issuing bank and acquiring bank through ATM system provider

RETAIL WEALTH MANAGEMENT

It includes management of investment portfolio,financial planning,other services like tax planning,retirement solutionsetc.,offered as an investment advisory.

Investment avenues

- Mutual funds
- Securities
- Real assets – gold, real estates, collectibles such as jewels,art, antiques etc.,

MUTUAL FUNDS

Advantges

1. Investors can own several companies
2. Investment in small amounts possible
3. Professional management
4. Liquidity
5. Convenience
6. Capital appreciation
7. Tax free savings

Disadvantages

1. Payment of charges
2. No control over fund managers

Strcuture of Mutual funds

- Sponsor- they are sole or joint promoter responsibile for registration for mutual funds
- Trustees- Mutual fund is managed by a board of trustees
- AMC – Asset Management Company – entrsuetd with the task of managing schemes.Sponsor should contributre atleast 40 % to the networth of the AMC.
- Custodian and depositories- to keep securities
- Registrar and transfer agents

Terminologies in Mutual Funds

- Net asset value- market value of the assets minus liabilities
- Sale price- price paid per unit of mutual fund at the time of purchase

- Repurhase price- price paid by mutual fund to repurchase
- Redemption price- NAV linked price paid for redemption fo close ended schemes

Types of Mutual funds schemes

- Open ended – sell and repurchase units every business day
- Close ended – issued only at the time of New Fund Offer(NFO).Issued with a fixed tenure
- Growth ended – a diversified portfolio of stocks that has capital appreciation , no dividends paid, normally to be invested for more than 3 years
- Income/bond – investment into Government/ Corporate securities – suitable for conservative investors and retirees
- Balanced- investors with moderate risk looking for capital protection , income and capital appreaciation
- Money market – main objective is capital preservation with moderate return within a short period . Eg: inter bank call money,commercial paper,treasury bills
- Gilt funds- investment in Government securities , provides high safety
- Tax schemes- ELSS(Equity Linked Savings Schemes),bank deposits more than 5 years,PPF
- Sectoral – investment in a particular sector like Banking etc.,
- Index- funds expect to replicate performance of a specific index
- Exchange traded funds- EFT- it is an investment fund with assets of stiocks, commodities or bonds.It is listed and traded real time at the stock exchange at a price changing throughout the day.It tracks bond index or equity index.

Types of charges

Front end or entry load- fee at the time of purchase

Back end or exit load- fees for early withdrawal of units

Equity/share/Stock

Every Company needs to raise money for starting up and run its business.Companies can borrow through bank loan or issue bonds and raise by selling part of the company –issuing stock is called equity financing.

Types of shares

Ordinary and preferred shares

Ordinary shares or common stock: It entitles the share holder to a share in the earnings of a company adn to vote at the Company"s Annual General Meeting

Preferred stock: Share holders do not have voting right and get a periodic interest income.In case of bankruptcy, preferred share holders get a claim priority over common stock holders.

Share capital : It is the money raised by issue of shares and comprise of the smallest part of total capital of a company.

Bonds:

It is a debt investment in which an investor lends money to a Corporate or Government that borrows to pay a specified rate of interest during the life of a bond and to repay the face value when it matures.

Structured notes:

It is an investment that has returns linked to the performance reference assets or benchmarks consisting of market indices, equities, foreign exchange rates, fixed income products, interest rates

Corporate actions :

1. Initial public offer
2. Aquisition or take over
3. Merger
4. Dividend issue
5. Bonus share
6. Share split or par value change
7. Liquidation

SYLLABUS

UNIT III : Cards

Basics of Cards : Types of Cards,transaction overview,components of Cards, Entities involved,overview on associations
Originations : Policy,Account opening,dispatch,delivery,Card Maintenance
Payments : Concepts, applications, investigations, Statement validations
Products on Cards : Rewards programs,merchandising offers
Authorisation and Risk reviews : Settlement lifecycle,authorisations,settlement and reconciliation, Accounting and Interchange settlement,settlements to associations - Parameter Design : Referral authorization - Financial Accounting - Bank A/c and payment Reconciliations - GL and ATM Reconciliations - Customer Relationship Management - Dispute Processing and Fraud Investigations - Collections including Data Review, Field Collections and A/c maintenances and Collection Audit

PLASTIC CARDS

Credit cards or debit cards are called as Plastic cards. Plastic cards are one of the most popular forms of payment. In fact plastic cards are an inevitable part of our life. They allow card holders users to pay for goods and services easily and conveniently and provide an alternative to cash and cheques. As Credit Cards and Debit cards are, used as alternative to money such as cash or cheque and are made of plastic, they are also called as Plastic money. Plastic cards are issued to users by a variety of organisations (called as card issuers) such as banks, retailers such as Big Bazaar, Shopper Stop. There are various plastic card schemes such as MasterCard, Visa, American Express, Diners Club, Maestro etc. These operators work behind the scene to make sure that card works. The types of cards issued and their levels of functionality vary from card issuer to card issuer and between the different card schemes under which the cards are issued.Cards that are made of plastic are called as plastic cards. The identification card, Membership card, Smart Card, Credit Card, debit cards are all plastic cards. Some examples of Plastic cards are shown below:

Types of Plastic Cards

There are basically two kinds of Plastic cards which are commonly used to buy goods and services: Debit Card and Credit Card

Debit Card

Debit card is linked to the account of the card holder i.e. one who owns the cards. They are usually issued by Banks and financial associations. When one uses a debit card the money is immediately deducted directly from one's account associated with card. A debit card is a way to ―pay now‖ Eg. SBI Debit Card.

Credit Card

It is a small plastic card that is issued by financial institutions such as banks. There is a limit to which one can buy on credit card. So, even if you have Rs 1, 00,000 in your account, your credit limit is only Rs 50,000. You need to repay the amount bought on credit by a due date.

Comparing Credit Card and Debit Card

Credit is like buying money, goods and services now but paying for it in future. As in buying the two people or business involved are buyer and seller. In credit the person who agrees to provide money, goods, services etc is called as creditor or lender and one who takes money, goods or services for promise of future payment is called as debtor or borrower.

Other Kinds of Cards

There are different types of plastic money available in the market today. Such as Credit cards, Debit cards, add-on cards, charge cards, co-branded cards, affinity cards or Diners Club cards.

¬ Charge card carries all the features of credit cards. However, after using a charge card you will have to pay off the entire amount billed, by the due date. If you fail to do so, you are likely to be considered a defaulter and will usually have to pay up a steep late payment charge. In case of credit card, one can pay late payment fee if one misses the due date. Popular charge cards are American Express cards also called as Amex cards

- Photo card: if card holder photograph is imprinted on a card, then card is known as a photo card. This helps identify the user of the credit card and is therefore considered safer.
- Global cards allow one the flexibility and convenience of using a credit card rather than cash or travellers checks while travelling abroad for either business or personal reasons.

- Co-branded cards are credit cards issued by card companies that have tied up with a popular brand for the purpose of offering certain exclusive benefits to the consumer.For example, the Citi-Times card gives you all the benefits of a Citibank credit card along with a special discount on Times Music cassettes, free entry to Times Music events, etc.
- Affinity Card An affinity credit card program allows an organization to offer its members and supporters–those who have an ―affinity‖ for that organization–a credit card that promotes the organization‘s brand and imagery each time a cardholder uses the card. When the card is used, a certain percentage is contributed to the organisation /institution by the card issuer.
- An add-on card allows you to apply for an additional credit card within the overall credit limit. You can apply for this card in the name of family members like your father/ mother/ spouse/ brother/ sister/ children above 18 years of age. You are liable to make good all the payments for the purchases made using the add-on card(s). Your billing statement would reflect the details of purchases made using the add-on card. Normally an issuing bank permits two add-on cards per credit card.

Details on front of a typical plastic debit/credit card:

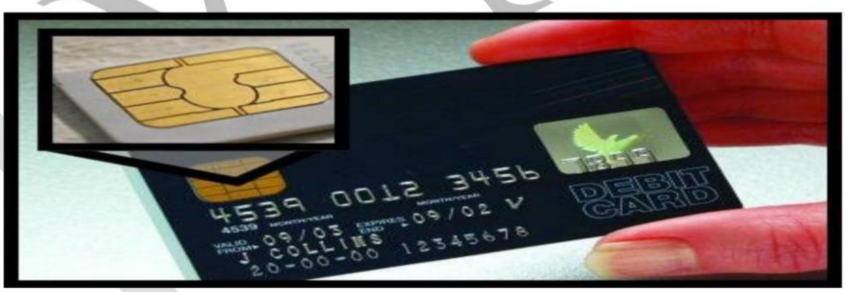
1. Issuing bank logo,
2. Card number,
3. Card brand logo such as VISA or MasterCard,
4. Expiry date,
5. Cardholder‘s name

Back side of debit or credit card

Magnetic stripe: The stripe on the back of a credit card is a magnetic stripe, often called a magstripe. Information such as the name of the card holder, expiry date of card, card number etc. is found in the magnetic strip. The magnetic stripe is read by swiping past a reading head and the information stored is sent to the acquirer‘s bank.

Signature strip: The card holder signs on the Signature strip. The merchant needs to verify that the signature on the card matches the signature on the receipt.

Card Security Code or Credit card Validation (CCV) number: CCV is an authentication scheme.



EMV Card

Just like magnetic-stripe cards, EMV cards are processed for payment in two steps: card reading and transaction verification. Instead of going to a register and swiping the card, you are going to do _card dipping _instead, which means inserting the card into a terminal slot and waiting for it to process. The magnetic stripes on traditional credit and debit cards store contain unchanging data.

Whoever accesses that data gains the sensitive card and cardholder information necessary to make purchases. That makes traditional cards prime targets for counterfeiters, who convert stolen card data to cash

Unlike magnetic-stripe cards, every time an EMV card is used for payment, the card chip creates a unique transaction code that cannot be used again. If a hacker stole the chip information from one specific point of sale, typical card duplication would never work because the stolen transaction number created in that instance wouldn‘t be usable again and the card would just get denied,

EMV technology will not prevent data breaches from occurring, but it will make it much harder for criminals to successfully profit from what they steal.

While the plastic card has been the standard for a half century, recent developments show alternative forms of payment rising to prominence, including online services such as mobile wallets, cell phone apps, PayPal,

Analysing Credit Card Number

Credit card number has a lot of information.Number of digits in credit card varies from 13 to 19 depending on issuer.

First six digits of the credit card represent the card issuer. The first digit is called as the system number. It is the Major Industry Identifier (MII), which represents the type of institution that issued the card. For example, American Express, Diner‘s Club are in the travel and entertainment category, VISA, MasterCard are in the banking and financial category. Digits 7 to last but one digit of credit card number are for account number
Last digit is the check digit. Credit cards numbers use check digits to guard against mistakes and to check for validity. A check digit in a credit card number is used as: It can determine if a person keys in a number incorrectly. If a credit card is scanned it can determine of the scanner made a

mistake. The check digit is calculated based on some pattern and it is verified with the check digit on the card. If the check digit calculated matches the check digit on the card, the card is valid.

Details of Credit Card Numbers

Maximum length of a credit card number is 19 digits. Since the 7 digits are reserved, account number field is 19 – 7, or 12 digits. Each issuer therefore has a trillion (1,000,000,000,000) possible account numbers.

Various parties involved when one uses Plastic cards

Mr. Kumar wants to buy a Sony T.V with ICICI credit card with a MasterCard logo. The shopkeeper at Sony Showroom swipes the ICICI credit card on a machine provided by SBI banks. In the example Mr. Kumar is the card holder, ICICI bank is the card issuer, merchant is shop or Sony Showroom and SBI Bank is the acquirer and MasterCard is the card association.

CARD ASSOCIATION

A card association is a network of issuing banks and acquiring banks that process payment cards of a specific brand. Familiar payment card association brands include China UnionPay, RuPay, Visa, MasterCard, American Express, Discover, Diner's Club, and JCB. Visa, MasterCard and American Express issuers co-brand with their card association. for example, "Citi-MasterCard".

Card details

- Cardholder is an individual to whom a plastic card is issued. Typically, this individual is also responsible for payment of all charges made to that card.

π Card Issuer is an institution that issues cards to cardholders. This institution is also responsible for billing the cardholder for charges.

θ Credit Card association – An association of card-issuing banks such as Visa, MasterCard, etc. that set transaction terms for merchants, card-issuing banks, and acquiring banks.

ρ Merchant – The individual or business accepting card payments for products or services sold to the cardholder also called as Card Accepter.

σ Acquirer – an organization that collects (acquires) credit authorization requests from Card accepters and provides guarantees of payment. The merchant swipes the card on the acquirer‘s swipe machine. He submits all the signed slips to acquirer and collects payments from acquirer.

NOSTRO ACCOUNT

Nostro account refers to an account that a bank holds in a foreign currency in another bank. Nostros, a term derived from the Latin word for "ours," are frequently used to facilitate foreign exchange and trade transactions.

VOSTRO ACCOUNT

A VOSTRO account is an account a correspondent bank holds on behalf of another bank. These accounts are an essential aspect of correspondent banking in which the bank holding the funds acts as custodian for or manages the account of a foreign counterpart.

MIRROR ACCOUNT

The replica of this account is maintained by the bank in its own books for operational purposes in local currency and is known as a Nostro mirror account. It is maintained by the local bank (XYZ) for accounting of inflows and outflows of forex taking place from a Nostro account of the bank.

The Life Cycle of a Credit Card Transaction

This article deals with the life cycle of a credit card transaction. This method is used for both retail and Internet / MOTO transactions. Processing events and activities may vary slightly for any one merchant, merchant bank, or Issuer, depending on card and transaction type, and the processing system used.

The follow steps listed below is what happens when a credit card is processed.

a Cardholder presents the credit card at the point-of-sale. For Internet or Keyed in transactions, the cardholder provides the merchant with the account number, expiration date, billing address and any special codes on the card.

b Merchant swipes the card or enters the information by hand, enters the purchase amount and transmits the authorization request to the Acquirer.

c Acquirer electronically sends the authorization request into Interchange.

d Interchange passes on the authorization request to the Issuer.

e Issuer approves or declines the transaction.

f Interchange forwards the Issuer's authorization response to the Acquirer.

g Acquirer forwards the response to the Merchant.

h Merchant receives the authorization response and completes the transaction accordingly.

i Merchant closes the batch and submits the transactions to the acquirer through their merchant account.

j Acquirer electronically submits transactions into Interchange for settlement. It also credits the merchant's checking account for the submitted transactions once settlement information is received from Visa and MasterCard Interchange (called funding).

k Interchange facilitates settlement by sending settled transaction information to the issuer and acquirer and providing both with information on what to credit the merchant, what to debit the cardholder and the type and amount of the interchange fees that are to be paid by the acquirer to the issuer.

l Issuer posts the transactions to the cardholder accounts and sends the monthly statements to its cardholders.

m Cardholder receives statements and pays issuer.

Member banks (both Issuers and Acquirers) do not always handle the processing of the transactions (authorizations, clearing and settlement) themselves. In many cases they outsource this to third party processors. Examples are Global Payments, Vital, Paymentech and First Data.

ATM RECONCILIATIONS

Forecasting is one small piece of active ATM Cash Management. The larger process that delivers clear discernibility and tight control of the movement of cash from cash load to cash load can ―make or break‖ your opportunity to run effectual, profitable ATMs. Moderately than a singular focus on forecasting, a broader perception and application of the detailed analysis required to tighten the Cash Cycle can assistance drive greater success at the ATM.

Automatic teller machines are handy when you require cash on the fly and you are not near your bank. The problem is that if you are not careful, you can run into real difficulties when you become overdrawn on checks because of the cash you withdrew from an ATM. You can also undertake you have less money in your account than in reality if you do not take into account deposits you have made through an ATM. The ATM Reconciliation and ATM Compare programs both automate the daily balancing of the ATM network. Once the transaction report from the Data Processing system and the ATM Network report file are downloaded to a PC's disk the program loads the transactions, run's the reconcilement program and generate a report of unmatched items between the two systems.

The ACE Report Activity Analysis program is the newest separately available piece of the ATM Reconciliation program suite of tools. The Report Activity Analysis tool loads the transactions from the Incurable or Member activity reports and provides a wide range of summary analysis competences. These can be modified for the customer at a very negligible cost. The standard reports contain a summary of Terminal activity by ATM, cutoff carry over calculations, member against non-member activity and fee totaling. For member activity reports the program can scan for large transactions above any threshold desired as well as accounts with heavy activity.

The ATM Compare program is designed for the smaller institution having just one Network to balance with the Network driving a small number the ATM machines. This easy to use program rapidly loads transactions from the network activity report and DP system activity report, compares them and offers a list of unmatched transactions to research and resolve. This is normally the most time consuming part of balancing the ATM activity each day.

The ATM Reconciliation program contains both of the tools above and is fully customized for each customer. In addition to the comparison report can capture GL transaction amounts for the daily balancing of the network, the institutions ATM's, etc. The program can support multiple balancing end points, interrupt processors foreign and cardholder activity, compare individual network transactions from combined reports or any other comparison or selection principles the institution might have. Additions to the program have been done to capture and post service charges for ATM inquiries and check cashing at Shared branches, to report large deposits and withdrawals, accounts with a lot of activity on a day, capturing of credit union and individual ATM balancing items from the network reports, totals of activity by ATM per month, etc. There is even a Cash balancing feature for following the Cash in the ATM and confirm the balance when it replaced over a time period from daily to weekly or extended. **Important Benefits**

- Reports transactions not found on DP system and ATM switch.
- Captures Information from the reports and files you already use, NO custom interfaces or extracts obligatory.
- Eradicates printing the ATM and DP system transaction reports.
- Search and review transactions in online screens.

On-us, Issuer and Acquirer Reconciliation

- The critical ATM transaction types like On-us, Issuer (Remote-on-us) and Acquirer (Not-on-us) generate huge volumes of complex data in real-time. Banks may lose their customers if they fail to reconcile these day-to-day multiple transactions with their internal books.
- Unfortunately, banks are practicing manual accounting methodologies to settle their ATM transaction data. In addition, the un-scalable internal systems are further delaying the reconciliations, thus leaving the pending exceptions un-reconciled.
- These exceptions are found more in the case of the issuer and acquirer transactions, where settlements are often delayed. As a consequence, the customers are losing their trust on host banks. And, looking at the spurt of private & public banks and unlimited offers, customer loyalty is a million-dollar question.

ATM Cash Tally and ATM Cash Reconciliation

- ATM Cash reconciliation supports in monitoring the entire life cycle of an ATM transaction. The life cycle starts from the point of cash load into an ATM to the point of cash dispense.

◆ ATM Cash Tally will help banks to reconcile the cash in ATM and Cash dispensed on a daily basis with respect to Cash balance report from the vendor, Electronic Journal, Switch and the Host data.

⊠ Cash tally will help the Banks to match these entries and provide tally and un-tally reports. Based on these reports, the banks can see the overage and shortage of the Cash in ATMs.

Some of the challenges of ATM Cash Reconciliation include:

Handling the ATM dispensing Errors

Missing transactions/broken transactions during cut off

More resource requirement to reconcile the ATMs

Manual error while verifying the data of EJs, Host Banks & General Ledger

Refunds and charge backs

Handling high volume of data

Back office operational risks

Process governance

Auditability

If these challenges are unmanageable with existing systems, let us check how automated solutions help in increasing the operational efficiency.

Automated Reconciliation Solutions

z Automated solutions enable banks to enhance customer satisfaction, reduce costs, generate incremental revenue and improve the efficiency of their self-service channel.

aa ATM Cash reconciliation solutions leverage the settlement processes and confirm the operational stability through accurate matching of cash withdrawal, and cash replenishment at the client managed ATMs.

- The automated bank ATM Cash reconciliation software always maintains an amicable relationship between the Electronic Journal, Host bank Switch, General Ledger (GL) and Cash Replenishment Vendor report.

Some of the benefits of automated solutions include,

- Accurate representation of all Customer transactions
- Cash Replenishment
- Admin Transactions
- Operational Stability
- Customizable approaches, by tailoring the Electronic Journal, Host bank Switch,
- General Ledger (GL) and Cash Replenishment Vendor report
- One-point dashboard for all ATMs status
- High-end Graphical Representation for the untallied and Shortage ATMs
- Manual Tally options
- Relax Matching facility for the Un-tallied ATMs
- Reliable matching of Cash Withdrawal with Switch/Vendor Report/GL
- Accurate Tally between EODs/Loading time
- ATM Cash Balancing with Physical and Logical Cash Representation
- In addition, they simplify all the complexities faced due to various parties like merchant POS log, settlement & POS gateway.

Dispute Processing

Types of diputes

1. Charge not incurred
2. Double debit
3. Card swiped but authorisation not received
4. ATM cash not dispensed
5. Merchant has cancelled the transaction

Fraud Management

Types of fraud;

- Merchant collusion
- Cash points
- Working capital requirement

Card Collections :

Delinquency: The customer becomes delinquent whwn he fails to make payment for a complete cycle.

Aging Bucket :

1. 5-35 days delinquent
2. 35-65 days delinquent
3. 65-95 days delinquent
4. 95-125 days delinquent
5. 155-184 days delinquent
6. 180-185 – charged off

SYLLABUS

UNIT IV : Consumer Loan Mortgages and Trade Finance

Lead Generation : Regulation Requirements - **Mortgage Originations :** Sales/ New Application Management, Support and Settlement Services, Pre Underwriting,Underwriting, Verification and Closing, Quality Control and Repurchase, Mortgage Servicing - **Customer Service :** A/c Maintenance, Payment Processing, A/c Closure – **Collection :** Default Management, Front End Activities, Foreclosure and Loss Mitigation, Bankruptcy, Support functions, Quality Assurance - **Domain Learning and Development - Regulatory Agencies**

Introduction to Trade - Parties & Terminology used in International Trade, Risks Associated & its mitigants, Role of banks & Documents in International Trade - **Letter of Credit (L/C)** : Parties to L/C & Types of L/C , Issuance, Advising, Amendment, Confirmation, Document Checking, Acceptance & Payment - **Collection :** Parties to Collection & Types of Collection, Document Checking, Acceptance & Payment - **Method of Payment**: Advance, Open Account, Documentary Collection & Documentary Credit
Guarantee / SBLC – Types of Guarantee – Issuance, Amendment, Claim / Settlement & Cancellation
Reimbursement – Authorization, Claim / Payment, Clean Payment, Irrevocable Undertaking, FI Advance
Loans & Finances - Syndicated Loans, Corporate Advances, Receivable Finance, Supplier Finance, Commodity Finance, Channel Finance & Bill Finance / Discounting
Basics and outline of UCP 600, ISBP, URC 522, URR 725, URDG and ISP98
Value Added Services : After Service– Customer Service (Voice / Non-voice), Investigation, Reconciliation, Proofing & Reporting, Trade Compliance - **Overview** on specialized training course for CDCS certification

Lead Generation-Regulation requirements

1. Creative Direction

   The lead generation campaign requires expert planning and optimization before it goes live. The team will work on creating the entire blueprint of the campaign, the sources that will be tapped, and the social outreach channels that will be used based upon your requirements. This ensures the message is compelling enough for people to click through.

2. Web and Creative Design

   The look and feel of the creative used in the campaign need to be tailored based on the users we want to target and generate leads from. The team helps to find and create the right mix of images and content which will persuade target audience to take immediate action.

3. Copywriting

   The team also ensures on creating the right content to attract target users, evoking the right set of feelings with the correct CTAs to ensure leads always remain focused on base requirements.

4. Conversion Optimization

   Testing and experimenting with different ad spaces and content layouts within landing pages so as to find the right mix of users based upon requirements. This further ensures that clicks always convert into actual leads.

Leads which generate online can be acquired in multiple ways, and experience in working with loan officers around the world close their loans has enabled to build a channel of tertiary sources that can leverage when we outsource offsite mortgage lead generation services . These include -

- Real Estate Groups – Being a part of a variety of online real estate groups, including those on Facebook and LinkedIn. This helps us connect to various leads through an extended channel of resources
- Online Hashtags - People tend to use hashtags when searching for a property online, and we keep a tab on all trending hashtags online
- Garage Sale Groups - As funny as it may sound, people mostly hold garage sales before moving out, which means it's a signal to us that a homeowner is about to move and is looking for a new home
- Customer Testimonials - People like to go with realtors who provide good customer service. We ensure we network with the successful leads and maintain a steady stream of great customer testimonials which in turn help us to generate fresh leads
- Maintaining an Online Syndicate - We maintain long-running online syndicates consisting of real estate agents, mortgage advisors, title reps, credit reps, insurance agents, etc. who help us network with their client base, and in turn, help generate better leads over time

Outsourcing mortgage lead generation services require an in-depth understanding of the methods employed by your service partner. We should identify the most lucrative segments in the online real estate market and generate hundreds of potential leads for our clients over time. Some of the most commonly requested mortgage leads from us include -

- Different mortgage loan types
- Streamlined leads
- Frequent home buyers
- Military loan opportunities
- Reverse mortgage candidates
- Subprime leads
- FHA leads
- Purchase-based leads
- Loan modification leads
- Refinance leads
- HARP leads
- Excellent and fair credit leads
- Live mortgage leads
- Second mortgage leads
- VA home loan-based leads
- Debt settlement leads
- First-time homebuyer leads
- Credit repair leads

Mortgage Leads Generation Process

The mortgage propensity models are scientifically created and when combined with our pre-screen and mortgage inquiry trigger solutions can help you with high-quality mortgage leads. With the help, we can optimize your existing resources by focusing on intelligent, customer-friendly credit-based solutions.

The simple process for mortgage lead generation services in India include -

01. Customize and Choose Plan

Choose the right volume that will satisfy your mortgage lead inquiries while fitting your budget. The mortgage consultants understand your exact requirements and based upon what you need, combine online mortgage lead generation with traditional methods such as cold calling etc.

02. Lead Generation Campaign Setup

Setting up the campaign landing pages, questionnaires, and advertisements based upon the pre-scheduled budget. Use proprietary templates which have been extremely successful beforehand, ensuring we can generate hundreds of valid leads in a short time.

03. Leads Delivered Directly to You

Once the targeted calling and online campaign is underway, you start receiving all the leads that are screened once and qualify for your requirements. All leads are generated along with name, local address, telephone, cell number, etc.

Why Outsource Mortgage Lead Generation Services?

The vendors are industry expert in mortgage lead services and provides expert support to thousands of mortgage lead clients who seek home equity, refinance, and loan-based mortgage leads. Their system easily integrates with most commonly-used CRM systems, and ensure market to multiple verticals of prospective customers across the nation as required by our clients. By optimizing your existing lead program, they allow users who are seeking to refinance, use a home equity credit line, or purchase a home directly get in touch with you. The key differentiators include -

- Efficient Lead Generation

  Our time-tested mortgage lead generation techniques leverage advances sales lead technology and consistent protocols which make it easier than ever to close a qualified lead.

- Refinance Assistance

  Interest rates are usually in a state of flux, and we ensure that your leads always know that refinancing options are on the table during talks if they so want. Our built-in mortgage call center assistance provides the software support, structure, and other technical details which help your customers refinance easily.

- Cost-effective Lead Generation

Highly flexible pricing options which can be selected based on the client's exact requirements, the resources used, the number of leads generated, etc.

- Rapid Response

The pre-qualified leads require up-to-date information about their application status, pay-off balances, and other relevant inquiries. Our live and automated call support ensures your mortgage leads have access to all the information they need at their fingertips, on a 24/7 basis.

- Complete Ownership of Leads

They help to create fresh leads which you own 100%!

- Analytics-driven Approach

The analytics-driven approach towards mortgage lead generation helps to engage and identify the right mix of mortgage leads thereby increasing your conversion rate and boosting profits.

- ISO 27001:2013 ISMS Certified

ISO/IEC 27001:2013 Information Security Management System certified organization which ensures that all your data is completely safe with us. They follow strict rules and regulations and have several data security policies which ensure that only authorized personnel has access to the data.

MORTGAGE ORIGINATION

Mortgage loan origination is the process by which a borrower applies for a new loan, and a lender processes that application. Origination generally includes all the steps from taking a loan application up to disbursal of funds (or declining the application). For mortgages, there is a specific mortgage origination process.

Origination is the multi-step process every individual must go through when obtaining a mortgage or home loan, as well as other types of personal loans. During this process, borrowers must submit various types of financial information and documentation to a mortgage lender, including tax returns, payment history, credit card information and bank balances. Mortgage lenders use this information to determine the type of loan and the interest rate for which the borrower is eligible. The origination process is often lengthy and involves a number of steps. The loan origination fee, which is usually 1% of the loan, typically covers this process. Lenders also rely on other information, especially the borrower's credit report, to determine loan eligibility.

Pre-Qualification

Pre-qualification is the first step of the process. The loan officer meets with the borrower and obtains all basic data and information relating to income and the real estate property that the loan will cover. This is when the lender determines the type of loan for which the individual qualifies, which is usually one of three common loan types. Fixed-rate loans have a continuous interest rate for the entire life of the loan, while adjustable-rate mortgages (ARMs) have an interest rate that fluctuates in relation to an index, similar to Treasury securities. Hybrid loans feature interest-rate aspects of both fixed and adjustable loans. They most often begin with a fixed rate and eventually convert to an ARM. Some borrowers may be eligible for a government loan, such as one provided by the Federal Housing Authority (FHA) or the Department of Veteran Affairs (VA). These loans are considered non-conventional and are structured in a way that makes it easier for eligible individuals to purchase homes. These loans often feature lower qualifying ratios and can have a smaller or non-existent down payment. During this step, the borrower receives a list of information needed to complete the loan application. The extensive required documentation includes the purchase and sale contract, profit-and-loss statements (for the self-employed) and bank statements. It also includes mortgage statements if the loan is a refinance of an existing mortgage. The lender may also request additional documentation.

Loan Application

During this stage of the process, the borrower fills out an application for the loan and submits all the necessary documentation. The loan officer discusses which loan options are available and helps the borrower choose the one that is most suitable. The loan officer completes all legally-required paperwork to process the loan.

Loan Filing

The process is now out of the borrower's hands. All paperwork submitted and signed up to this point is filed and run through an automatic underwriting program to be approved. Some files may be kicked to an underwriter for manual approval. After approval, the loan officer schedules a closing, gets the appraisal, requests insurance information, and sends the loan file to the processor. As a follow-up, the processor may request additional information, if necessary, for reviewing the loan approval.

UNDERWRITING

Underwriting is the process by which investment bankers raise investment capital from investors on behalf of corporations and governments that are issuing either equity or debt securities. The word "underwriter" originated from the practice of having each risk-taker write his name under the total amount of risk he was willing to accept at a specified premium.
Underwriting risk generally refers to the risk of loss on underwriting activity in the insurance or securities industries.

Underwriting is the most critical process and assuming of risk by creditor/ lendor tahking a decision if borrower can be given a loan.

The following factors are considered;

1. Credit score - depending upon payment history,debt outstanding,length of credit history, new credit, types of credits. A score of 700+ will get better interest rate .
   CIBIL(Credit Information Bureau of India Ltd.,) iissues a credit information Report along with a three digit score ranging from 300 to 900.Scores above 700 are considered favourably by lenders.
2. Capacity or debt to income ratio
3. Collateral or loan to value ratio
4. Cash in hand
5. Compensating factors- long term employment,earlier debts,down payment , cash in hand
6. Final credit decision

MORTGAGE SERVICING

A mortgage servicer is a company to which some borrowers pay their mortgage loan payments and which performs other services in connection with mortgages and mortgage-backed securities.

BANKRUPTCY

Bankruptcy is a legal proceeding involving a person or business that is unable to repay outstanding debts. The bankruptcy process begins with a petition filed by the debtor, which is most common, or on behalf of creditors, which is less common.

QUALITY ASSURANCE

Quality assurance (QA) is a way of preventing mistakes or defects in manufactured products and avoiding problems when delivering solutions or services to customers; which ISO 9000 defines as "part of quality management focused on providing confidence that quality requirements will be fulfilled".

PRE-UNDERWRITING

One of the major differences between wholesale mortgage lenders and mortgage brokers is that lenders not only have access to readily-available funds but also have the underwriting authority to disseminate such funds as they choose. For suc h wholesale lenders, Pre-underwriting not only allows them to put a mortgage application through a more thorough initial validating process, but perform most of the important functional due-diligences even before the initial contract is up.

Another reason why pre-underwriting is of a big help is that it also enables home buyers compete better with other cash buyers, who otherwise always tend to get the best deal especially when many people are interested in the same deal.

Pre-underwriting process is one of the best ways to identify proper qualifying factors, or the lack thereof, for a mortgage loan application. In fact, most home buyers are getting themselves pre-qualified much before they start hunting for a home just so they can be in a better negotiating position. At the same time, pre-underwriting also helps prevent the wastage of precious resources by removing submissions from the loan application pipeline which are impossible to get funded. This means wholesale mortgage lenders can have a more efficient mortgage loan underwriting process when the time comes, without having to focus on applications which wouldn't have made through eventually.

Outsourcing mortgage lenders pre-underwriting process therefore can help you achieve better efficiency, while allowing you to save on costs in these testing times. Your pre - underwriting service partner can easily take over your preferred boarding system so as to pre-underwrite buyer applications and help you save considerable

The best way to maximize the results from pre-underwriting your loans is to outsource this task to a qualified Loan Pre-underwriting Service provider. This type of mortgage servicer specializes in quick pre-underwriting procedures and is specifically set up to perform this task accurately and efficiently. The pre-underwriting contractor can merge seamlessly with your preferred or boarding system and rapidly deliver fully pre -underwritten loans without causing delays to your normal approval process. Some of the tasks an authorized pre-underwriter can perform for you include -

- File reviews for applications
- Validate LP/DU or use your own AU system
- Perform thorough fraud analysis
- Open related appraisal, title, and insurance orders
- Properly initiate VOE and VOD verifications

Advantages of Pre-underwriting

There are many inherent benefits of mortgage pre-underwriting for wholesale lenders, including

- Prospective buyers are better aware of how much financing is potentially available for a property. As a result, since investors directly know the upfront costs, loan amount, and loan rate that is expected to be associated with the property, the property evaluation also gets a significant boost.

- The pre-underwriting mortgage process also helps to validate a property's asking price by using market capitalization rate to actually determine a property's value. This data is obtained from various sources, including property appraisers. This further helps determine whether or not a property's income will support a loan for a determinate percentage of the property's asking price. Furthermore, such a practice can help weed out inaccurate or false listings, while allowing buyers to be more comfortable during the bidding process.
- Pre-underwriting is of great advantage to wholesale lenders who end up having to negotiate listing prices with home owners who feel their properties are worth significantly more than their actual value
- Pre-underwriting mortgage processes can also help evaluate an undeveloped lands' listing. This is done by factoring-in other additional data sources such as market vacancies, incentives, lease-up times, etc. Therefore, construction costs for that particular land, as well as vacancy data can be easily determined with the help of a thorough pre-underwriting process
- Finally, by partnering with suitable pre-underwriters, wholesale mortgage sellers can reduce the on-market-time for all their land investment listings, while considerably enhancing the odds of closing a particular sale.

For years, mortgage lenders have been providing prospective borrowers with pre-authorizations to be use as a tool when negotiating with the seller. Pre-underwriting takes this approach one step further by putting the loan application through a more thorough review process after the pre-authorization is issued but before the buyer/borrower enters into a contract with the seller. Conducted by outsourcing providers such as String, the pre-underwriting process will filter and identify qualified loan applications, with respect to both borrower and property qualifications, earlier in loan originating process. Only those applicants that meet the pre-underwriting qualifications are pushed through to the lender’s loan fulfillment center. The result for the mortgage lender is a higher percentage of loans that fund, increased loan production, reduced production costs as in-house loan processors and underwriters are not spending time on unqualified applications and the competitive advantage of a faster time to close.

Lenders choosing to pre-underwriting do have the flexibility of pre-underwriting all pre-authorized borrowers or choosing specific loans, property types or borrowers to put through the processes. There are two tiers of pre-underwriting services, providing our mortgage lending customers with a choice as to how thorough of a review is performed. Our Loan Processing tier manages the ordering and review of all the necessary reports needed for the underwriting process; including:

The ordering of VOE, VOM, VOD and VOR and determining the applicant's credibility against our client's check list.

The ordering of Appraisal, Hazard and Flood Certificates and updating the status on each in our client's LOS

Preparation of the tax certificate

Ordering and/or preparation of the title search & report

For lenders looking for a more thorough pre-underwriting review, our Underwriting tier of services leverages our team of experienced loan processors to provide detailed reviews and reports; including:

Review of the borrower's Credit Report and provide detailed feedback of pertinent credit issues

Review of the Flood Certification to determine the need for flood hazard insurance Review of the Appraisal report to determine if the valuation is on par with the market and report on the appropriateness of the documents submitted.

- Review of the Title Report to ensure that the collateral property is free of any claims, liens or lawsuits
- Review of the entire loan file to identify any anomalies or falsifications that could signify fraud on behalf of the borrower

MORTGAGE LIFE CYCLE

A mortgage loan goes through various stages during which it is created, consummated, and paid off. It begins when an individual considers obtaining a loan and ends when the loan has been paid off and the title of the property passes back to the borrower. A number of intermediate process and steps are involved such as origination, closing, post-closing, securitization, servicing, and others. There are various market participants involved at each stage, with each party having its own motivations, objectives, and expectations.

Three Stages of a Mortgage Loan Life Cycle

The life of a loan can be thought of comprising of three stages:

1. Borrower's Consideration
2. Primary Market
3. Secondary Market

Borrower's Consideration

The inception of a mortgage loan is the consideration by a person to obtain a real estate secured loan. The loan may be to purchase or to refinance a property for either personal or commercial purposes. For instance, it might be a person buying a personal residence for the first time or it may a seasoned real estate investor who needs financing to buy parcels of land and to develop the land into an entire township. Various factors would be considered by the individual before it decides to obtain a loan. Some of the processes involved in this stage are financial analysis, feasibility studies, tax evaluation, loan officer evaluation, and other processes. The deliberations which convince an individual to apply for a mortgage loan constitute the stage of Borrower's Consideration.

Primary Market – Origination and Closing

Primary Market stage starts when a person has decided to obtain a mortgage and approaches a lender/broker to submit a loan application for obtaining the mortgage loan. This stage includes processes such as lender selection, loan application, underwriting, loan closing, recording, and others. Different market participants come into the picture such as the loan agent, broker, lender, escrow agent, appraiser, etc. The Primary Market stage ends when the funds have been obtained by the borrower and the security interest of the lender has been perfected by recording the mortgage with the County Clerk. This also marks loan closing.

Secondary Market – Securitization, Servicing, and Payoff

Upon closing the loan moves to the Secondary Market stage which involves a number of activities aimed at replenishing the capital of the lender and passing the ownership of the loan to the ultimate investors. Processes in this stage may include loan servicing, loan securitization, management of loan portfolio, credit reviews, etc. During this stage, the loan may be sold and resold a number of times. The servicing rights, ownership, and other components of the loan may be segregated and each such component may then be sold to or managed by different market participants. Some of the participants involved include lender, servicer, investment banks, rating agencies, insurance firms, and others. The borrower's activities are limited to making monthly payments and meeting the requirements of the loan.

LIFE CYCLE OF A MORTGAGE LOAN

- **Application**

  The life cycle of a mortgage officially begins when you submit your loan application for approval. Though you will likely be shopping around for interest rate and loan term quotes before you submit your application, it isn't until you sign the mortgage application and give it to the loan officer for processing that the lender will begin to consider your mortgage loan in earnest.

- **Processing and Consideration**

  Once you submit your mortgage application, the bank or mortgage broker checks your credit and evaluates the risk of issuing your loan. They will verify the information on your application, check your credit, and appraise the house or other property you wish to buy. One or more underwriters or investors may be consulted if your mortgage is with a brokerage or smaller finance company so that the primary lender doesn't have to shoulder the entire cost of your loan.

- **Closing**

Once the lender reviews your loan application and secures the funds for your mortgage, the closing process begins. Most loans have closing costs, which are additional out-of-pocket expenses such as those that cover inspection costs, application fees, attorney's fees, title insurance, and the cost of filing the mortgage with the county clerk's office. Once the loan closes, the debt becomes your legal responsibility and the property you've bought has a legal lien on it in the name of the bank or lender who issued the mortgage.

- **Post-Close Servicing**

Depending on the lender that issued your mortgage, a number of things may happen once the loan has closed and the purchase is finalized. The most common post-close action is for the lender to sell off portions of the loan, or even the entire loan, to other lenders and investors to offset their expenses. Unless the lender sells the collection rights of the loan, these activities won't affect you, as you'll still have your single payment to make each month.

- **Repayment**

The repayment phase of a mortgage is by far the longest, lasting 15 to 30 years or longer, depending on the amount you have borrowed and the loan type. Unless you take out a loan with bimonthly payments, your responsibilities during the repayment phase are to make your monthly payment, maintain homeowner's insurance if required, pay taxes, and cover other costs specified in the loan agreement. Whether you make your exact payments each month or pay extra to repay your mortgage faster, once you repay the full amount, the lien is removed from your property and you'll own your home completely.

MORTGAGE LOAN LIFE CYCLE

Loan life cycle is the process involved in taking a loan e.g. a mortgage loan, auto loan etc. The first stage in the loan life cycle is the application stage. A loan life cycle officially begins when an individual or business submits his loan application to the bank or financial institution for approval. For example if you want to get a mortgage loan, it is most likely you have identified the home for purchase, and researched the chosen mortgage lending institution to provide the loan. These entire aside, the Loan life cycle actually starts when you submit the loan application to the chosen lending institution.

After submitting the loan application, the lender reviews the application by preparing a credit worthiness report which is a valuation that determines if the borrower is liable to default on his debt. The credit worthiness report takes cognizance of factors such as credit history, repayment history, and credit score. After preparing the credit worthiness report, the lender deliberates internally on if to extend the loan facility.

If the lender deems the applicant fit for the loan, then the application progresses to the next stage which is Loan closing stage. Here the lender on the back of reviewing the application and approving it secures the necessary funding for the loan. Like in other corporate loans, closing of a loan incurs some additional out of pocket expenses like application fees, commitment fees, attorney fees and so on.

Once the debt closes, the funds are disbursed to the borrower and the loan automatically becomes a legal responsibility on the part of the applicant / borrower. After the closing stage comes the post – closing stage. Post-Closing stage being a part of the loan life cycle is dependent on the type of lender. If the loan is of a significant amount, some lenders may opt to selling part of the loan or sometimes all of it to other financial institutions in order to reduce their exposure to the borrower. The borrower is not concerned with the post-closing stage, he only needs to ensure repayment of principal and interest as specified in the loan agreement.

The repayment stage is the last stage of the loan life cycle, it depends on factors such as the principal amount, interest rate and tenor of the loan. It may range from 3 years to 5years or 7 years in tenor. The principal and interest are factored into determining monthly or quarterly payments towards repayment of the entire facility. The repayment stage is the most important part of the loan life cycle as the borrower must fulfil his obligation of repaying both the principal amount and the interest. If the borrower fails to do so, the asset or collateral may be repossessed base on agreements specified in the contract. Once the repayment is made in full, the loan is deemed completed and the borrower becomes free of any obligation to the lender except he takes up another loan.

The Loan Lifecycle

The process of making a mortgage loan has five distinct steps called the loan cycle. The loan cycle is comprised of the steps taken to make and maintain a loan. The mortgage loan cycle begins when a prospective Borrower inquires about a residential mortgage loan, and it ends when the Borrower pays off the loan. The loan cycle involves five major stages: I. Application

II. Processing III.

Underwriting IV.

Closing

V. Servicing

Each of these functions involves many activities.

I. Application

The application process has several purposes:

Obtaining the basic information from the Applicant/Borrower that the lender needs to underwrite the loan according to its standards and to reach a decision on whether to grant the loan Assisting the applicant in selecting the appropriate loan programs

Informing the applicant of the details of the mortgage loan program, including a full disclosure of all costs and expenses.

II. Loan Processing

Loan processing includes the collection and verification of detailed information on the Borrower and on the real estate transaction itself. The Lender is primarily interested in two things: the subject property, and your financial situation (which includes your credit history.) The process gathers the information to help determine your ability and your desire to repay the loan.

Gather, organize and verify all the information the underwriter will need, in order to underwrite the loan.

Entering Information into computer, from Loan Application

Deposits (i.e. credit report fee, appraisal fee) Disclosure

Forms sent to Borrower

Verifications--Employment history, Credit history (the credit bureau will show how you have handled past debt and credit accounts.

Appraisal is performed and reviewed for accuracy and completeness (a service for which you may be charged). A professional appraiser will estimate the market value of the house. This information is required because the lender will loan you not more than a given percentage of the value of the property (LTV).

III. Loan Underwriting

The mortgage loan file next enters the underwriting stage. Loan underwriting is a process that determines whether the loan is a good risk for the lender.

The main task during the underwriting stage is to avoid as many undue risks as possible

The loan application is evaluated in terms of the guidelines Borrower Review

Property Review

Conditions

Follow-up

Re-review of Conditions

Deciding whether to grant a Borrower's request for a loan is perhaps the most difficult stage of making a loan.

Approval
Commitment Letter

IV. Loan Closing

If the loan is approved, the final stage in creating the mortgage loan is the funding and loan closing. In loan closing, the final details of the loan transaction are completed and the loan funds are disbursed. Most frequently, closing is handled by a title company or closing attorney.

Loan closer obtains a title company/attorney's opinion as the condition of the title to the property--its ownership. This opinion of title is reviewed very carefully to verify that the seller owns the property and that there are no unknown claims outstanding against it. Also, the Borrower must provide adequate hazard (and in some cases flood) insurance for the property.

Next the loan closer prepares the loan's legal documents and makes certain other legal requirements are met, such as up-to-date payments of real estate taxes. The mortgage loan file and legal documents are double-checked for completeness and accuracy. Some federally mandated disclosures are usually provided to the Borrower.

Finally, the loan amount must be properly disbursed so the Borrower will be liable for repayment. The appropriate parties must receive the correct amounts in order for the legal conditions for the best to be met.

The mortgage is recorded on the public record, and the lender makes a final review of the loan file for quality control purposes

At this point, the closing of the loan is complete.

Post-Funding Audit

V. Loan Servicing

Loan Servicing includes all activities that occur from the time a loan is closed until the time it is repaid. Servicing activities help ensure that the loan is repaid in a timely manner and that the lenders' legal claim to repayment of the funds is maintained.

Identifying and following up promptly on any delinquent payments by sending reminder notices, making telephone calls, or visiting the home of the delinquent Borrower

If efforts fail, foreclosure is the legal action that bars a defaulted Borrower's right to reclaim the mortgaged property. This action is taken to satisfy the outstanding balance on the mortgage; usually results in property being sold at public or private sale. Paying taxes and insurance

Servicer wants to make sure that these taxes are paid because government tax claims can take precedence over the lender's claim on a property

If property is destroyed or damaged by fire, wind, etc. without insurance the loan is no longer adequately protected.

When a Servicing company services loans for lenders, it collects a fee ranging from .25 to .50 percent. For example, when a loan is closed at an eight percent interest rate, the Servicer passes through principal and interest of approximately 7 5/8 percent to the Bank, Insurance Co., etc. The Servicer keeps the difference as a servicing fee.

Advising Borrowers of changes in rate for ARMs

Transferring the loan to a new owner or Servicer

Payment Processing

Pay-offs

Mortgage loan

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Underwriting your loan – This is the approval stage where the underwriters will validate your documentation once again. They may also request your credit reports to ascertain your credit worthiness. Appraisals and title search reports are confirmed too. The underwriter has maximum power to reject or accept a borrower's file. If the file is rejected, it is returned to the mortgage loan processing department with a statement of denial. If it is accepted, it is returned to the loan processor with a pre-closing statement. Any denied file has to be reviewed again by the loan officer and processor to see if there is something they could do to help the owner. Automated Underwriting technique is in vogue nowadays. It requires less paperwork and little time. The computer approves or disqualifies a file while the underwriter checks the documents manually to identify possible problems.

Closing stage – If both mortgage loan processing and underwriting departments are happy with your file, the loan execution will enter the closing stage. The loan officer will initiate the closing stage following all the conditions stipulated by the underwriter. In a short time you will get a loan commitment from the lender so that you can set the actual date of the loan closing. You may need to consult with the property seller and lender to make this decision. Prior to closing, it is imperative to compare the Settlement Statement with the Good Faith Estimate statement. The charges outlined in both documents must be similar. If all things work out the Outsourced mortgage loan processing will come to an end and you will get a house loan.

Default servicing

Default management is required when the borrower does not make payment or makes late payment.

Default servicing steps:

1. Delinquency time lines
2. Default servicing activities – Loss mitigation, collection efforts, Manage foreclosure activities,Monitoring bankruptancy cases,manage and sale real estate properties, Credit bureau reporting , investor servicing
3.

INTERNATIONAL TRADE

International Trade is the exchange of capital, goods, and services across international borders or territories. In most countries, such trade represents a significant share of gross domestic product (GDP).

Need for International Trade:

In today's global economy, international trade is at the heart of development. Nations—developed or underdeveloped—trade with each other because trade is mutually beneficial. In other words, the basic motivation of trade is the gain or benefit that accrues to nations.

In a state of autarky or isolation, benefits of international division of labour do not flow between nations. It is advantageous for all the countries of the world to engage in international trade. However, the gains from trade can never be the same for all the trading nations. Thus, benefits or gains from trade may be inequitable; but what is true is that ―some trade is better than no trade‖.

Parties in International trade

1. Buyer(importer_ applicant in letter of credit) who places order and imports goods
2. Seller (exporter- beneficiary in letter of credit who exports goods

3. Manufacturer
4. Agents- seller and buyer who represent buyer or seller overseas
5. Banks
6. Transporters
7. Insurance Companies
8. Government departments

Risks in international trade and mitigants

1. Non payment for the goods sols(credit risk) by buyer to seller
2. Delay in payment by buyer to seller
3. Non receipt of goods by buyer
4. Difference in quality of goods received
5. Bankruptcy
6. Country risk
7. Exchange rate risk
8. Legal risk
9. High demurrage risk
10. Language/local customs/business practices\
11. Cost of litigation/dispute

Mitigants

- Confidential report on the buyer and seller
- Enquiry on buyer"s country/seller"s country
- Inspection/ analysis certificate

Role of banks in International trade

- Banks can apply international code of practice to trade transactions(UCP600,URC522,URR725,ISBP)
- Banks maintain control over the goods by holding documents.
- Banks provide pre/post shipment, overdraft credit
- Act as a channel of payment
- Transfer of funds

- Credit/ confidential reports
- Agency role – provide collection of cheques,documents etc.,
- Advisory role (forward contracts)
- Refinancing

Trade finance operations in banks and advantages to customers

- Bank provide trade finance products like documentary collection,letter of credit,bank guarantees,standby letter of credit,factoring,forfeiting,receivable financing , supplier financing,chain supply management,arrandign buyers and suppliers tarde credit,pre and post shipment financing,purchase, discount , negotiation of bills, forward exchange contract.

DOCUMENTS INVOLVED IN INTERNATIONAL TRADE

There are many documents involved in international trade, such as commercial documents, financial documents, transport documents, insurance documents and other international trade related documents. In processing the export consignment, documentation may be executed in up to four contracts: the export sales contract, the contract of carriage, the contract of finance and the contract of cargo insurance. It is therefore important to understand the role of each document and its requirements in international trade. Commercial Documents

Quotation

An offer to sell goods and should state clearly the price, details of quality, quantity, trade terms, delivery terms and payment terms.

Sales Contract

An agreement between the buyer and the seller stipulating every detail of the transaction. Since this is a legally binding document, it is therefore advisable to seek legal advice before signing the contract.

Pro Forma Invoice

An invoice provided by a supplier prior to the shipment of merchandise, informing the buyer of the kinds and quantities of goods to be sent, their value, and importation specifications (weight, size and similar characteristics). This is not issued for demanding payment but may be used when applying for an import licence / permit or arranging foreign currency or other funding purposes.

Commercial Invoice

A formal demand note for payment issued by the exporter to the importer for goods sold under a sales contract. It should give details of the goods sold, payment terms and trade terms. It is also used for the customs clearance of goods and sometimes for foreign exchange purpose by the importer.

Packing List

A list with detailed packing information of the goods shipped.

Inspection Certificate

A report issued by an independent surveyor (inspection company) or the exporter on the specifications of the shipment, including quality, quantity, and / or price, required by certain buyers and countries.

Insurance Policy

An insurance document, with full details of the insurance coverage, evidencing insurance has been taken out on the goods shipped.

Insurance Certificate

This certifies that the shipment has been insured under a given open policy and is to cover loss of or damage to the cargo while in transit.

Product Testing Certificate

This certifies the products are conformed to a certain international / national technical standard, such as product quality, safety and specifications.

Health Certificate

Document issued by the competent country when agricultural or food products are being exported, to certify that they comply with the relevant legislation in the exporter's country and were in good condition at time of inspection, prior to shipment and fit for human consumption.

Phytosanitary Certificate

Frequently an international requirement that any consignment of plants or planting materials importing into a country shall be accompanied by a Phytosanitary Certificate issued by the exporting country stating that the consignment is found substantially free from diseases and pests and conforms with the current phytosanitary regulations of the importing country. Application of the certificate in Hong Kong should be made to the Agriculture and Fisheries Department.

Fumigation Certificate

A pest control certificate issued to certify that the concerned products have been undergone the quarantine and pre-shipment fumigation by the approved fumigation service providers. It is mainly required by the US, Canada, Australia, New Zealand and UK's customs on solid wood packing material from Hong Kong and the Chinese Mainland.

ATA Carnet

An international customs document used to obtain goods such as exhibits for international trade fairs, samples countries that are signatories to the ATA Convention.

Consular Invoice

A document required by some foreign countries, showing shipment information such as consignor, consignee, and value description, etc. Certified by a consular official of the importing country stationed in the foreign country, it is used by the country's customs officials to verify the value, quantity and nature of the shipment.

Transport Documents

Shipping Order S/O

A document with details of the cargo and the shipper's requirements, and is the basic document for preparing other transport documents such as bill of lading, air waybill, etc. Dock

Receipt D/R or Mate's Receipt

A receipt to confirm the receipt of cargo on quay / warehouse pending shipment. The dock receipt is used as documentation to prepare a bill of lading. It has no legal role regarding processing financial settlement.

Bill of Lading (B/L)

An evidence of contract between the shipper of the goods and the carrier. The customer usually needs the original as proof of ownership to take possession of the goods. There are two types: a STRAIGHT bill of lading is non-negotiable and a negotiable or shipper's ORDER bill of lading (also a title document) which can be bought, sold or traded while goods are in transit and is used for many types of financing transactions.

House Bill of Lading (Groupage)

A bill of lading issued by a forwarder and, in many cases, not a title document. Shippers choosing to use a house bill of lading, should clarify with the bank whether it is acceptable for letter of credit purpose before the credit is opened. Advantages include less packing, lower insurance premiums, quicker transit, less risk of damage and lower rates than cargo as an individual parcel / consignment.

Sea Waybill

A receipt for cargo which incorporates the contract of carriage between the shipper and the carrier but is non-negotiable and is therefore not a title document. Air Waybill (AWB)

A kind of waybill used for the carriage of goods by air. This serves as a receipt of goods for delivery and states the condition of carriage but is not a title document or transferable / negotiable instrument.

House Air Waybill (HAWB)

An air consignment note issued by an air freight agent to provide the cargo description and records. Again, it is not a title document.

Shipping Guarantee

Usually a pre-printed form provided by a shipping company or the bank, given by an importer's bank to the shipping company to replace the original transport document. The consignee may then in advance take delivery of goods against a shipping guarantee without producing the original bill of lading. The consignee and the importer bank will be responsible for any loss or charges occurred to the shipping company if fault is found in the collection. It is usually used with full margin or trust receipt to protect the bank's control to the goods.

Packing List (sometimes as packing note)

A list providing information needed for transportation purpose, such as details of invoice, buyer, consignee, country of origin, vessel / flight date, port / airport of loading, port / airport of discharge, place of delivery, shipping marks / container number, weight / volume of merchandise and the fullest details of the goods, including packing information. Financial Documents

Documentary Credit D/C

A bank instrument (issuing or opening bank), at the request of the buyer, evidencing the bank's undertaking to the seller to pay a certain sum of money provided that specific requirements set out in the D/C are satisfied.

Standby Credit

An arrangement between a customer and his bank by which the customer may enjoy the convenience of cashing cheques, up to a value. Or a credit set up between the exporter and the importer guaranteeing the exporter will pay the importer a certain amount of money if the contract is not fulfilled. It is also known as performance bond. This is usually found in large transactions, such as crude oil, fertilizers, fishmeal, sugar, urea, etc.

Collection Instruction

An instruction given by an exporter to its banker, which empowers the bank to collect the payment subject to the contract terms on behalf of the exporter.

Bill of Exchange (B/E) or Draft

An unconditional written order, in which the importer addressed to and required by the exporter to pay on demand or at a future date a certain amount of money to the order of a person or bearer.

Trust Receipt (T/R)

A document to release a merchandise by a bank to a buyer (the bank still retains title to the merchandise), the buyer, who obtains the goods for processing is obligated to maintain the goods distinct from the remainder of his / her assets and to hold them ready for repossession by the bank.

Promissory Note

A financial instrument that is negotiable evidencing the obligations of the foreign buyer to pay to the bearer.

Government Documents

Certificate of Origin (CO)

This certifies the place of manufacture of the exported goods to meet the requirements of theimportingauthorities.

Certificate of Origin Generalized Systems of Preferences (GSP) Form A (or as Form A)

A CO to support the claim for preferential tariff entry (a reduced or zero rate) of the exporting country's products into the GSP donors under the GSP they operate. In general, a Form A is issued only when the goods concerned have met both the origin rules of the preference receiving country as well as the origin criteria of the respective donor country's GSP.

Import / Export Declaration

A statement made to the Director of Customs at port of entry / exit, declaring full particulars of the shipment, eg. the nature and the destination / exporting country of the ship's cargo. Its primary use is for compiling trade statistics.

Import / Export Licence

A document issued by a relevant government department authorising the imports and exports of certain controlled goods.

International Import Certificate (IIC)

A statement issued by the government of country of destination, certifying the imported strategic goods will be disposed of in the designated country. In Hong Kong, it is issued only to meet an exporting country's requirement.

Delivery Verification Certificate (DVC)

A statement issued by the government of country of destination, certifying a specific strategic commodity has been arrived in the designated country. In Hong Kong, it is issued only to meet an exporting country's requirement.

Landing Certificate

A document issued by the government of country of destination, certifying a specific commodity has been arrived in the designated country. In Hong Kong, it is issued by the Census and Statistics Department. Application requirements include letter stating the reason for the application, import declaration & receipt; bill of lading, sea waybill & land manifest; supplier's invoice; and packing list (if any).

Customs Invoice

A document specified by the customs authorities of the importing countries stating the selling price, costs for freight, insurance, packing and payment terms, etc, for the purpose of determining the customs value.

LETTER OF CREDIT (LC):

A letter of credit is a letter from a bank guaranteeing that a buyer's payment to a seller will be received on time and for the correct amount. In the event that the buyer is unable to make payment on the purchase, the bank will be required to cover the full or remaining amount of the purchase. Due to the nature of international dealings, including factors such as distance, differing laws in each country, and difficulty in knowing each party personally, the use of letters of credit has become a very important aspect of international trade.

The following are the different types of letters of credit:

- Commercial LC. A standard LC, also called as documentary credit.
- Export/Import LC. The same letter of credit can be called export or import depending on who uses it. ...
- Transferable LC. ...
- Non -transferable LC. ...
- Revocable LC. ...
- Irrevocable LC. ...
- Standby LC. ...
- Confirmed LC.
- Unconfirmed letter of credit
- Red clause letter of credit

A commercial letter of credit is a direct payment method in which the issuing bank makes the payments to the beneficiary. In contrast, a standby letter of credit is a secondary payment method in which the bank pays the beneficiary only when the holder cannot.

A revolving letter of credit lets the customer make any number of draws within a certain limit during a specific time period. A traveler's letter of credit guarantees the issuing banks will honor drafts made at certain foreign banks.

A confirmed letter of credit involves a bank other than the issuing bank guaranteeing the letter of credit. The second bank is the confirming bank, typically the seller's bank. The confirming bank ensures payment under the letter of credit if the holder and the issuing bank default. The issuing bank in international transactions typically requests this arrangement.

Parties to letter of credit

- Applicant
- Beneficiary
- Iassuing bank
- Advising bank
- Nomianted bank
- Confirming bank
- Negotiating bank
- Reimbursing bank

Methods of payment

Documentary credits

- Sight (documents against payment)
- Usance (documents aganist acceptance)
- Bank guarantees

GUARANTEE

This is a surety that is provided by a bank or a financial institution that they will pay off the debts and liabilities incurred by an individual or a business entity in case they are unable to do so.This enables a business to grow and expand by deferring payment of goods and services they are utilizing now to a later date. This helps a business to invest on a larger scale than would have been possible without the bank guarantee.

By providing a guarantee, a bank offers to honor any payment to the creditors upon receiving a request. This requires that the financial institution be very sure of the business or individual to whom the bank guarantee is being issued. So, banks run risk assessments to ensure that the guaranteed sum can be retrieved back from the business. This may require the business to furnish a security in the shape of cash or capital assets. Any entity that can pass the risk assessment and provide security may obtain a bank guarantee.

The system for providing bank guarantees works in the following manner:

- Applicant and the creditor ascertain that there is a need for a bank guarantee.
- Applicant reaches out to a financial institution to issue a bank guarantee to the creditor.
- The bank runs a risk assessment and asks for a security.
- The applicant furnishes the security and the bank, or the financial institution processes the bank guarantee.
- The bank guarantee is sent to the creditor's bank or the creditor, or the applicant may be asked to collect it in person to give it to their creditor.

Advantages of Bank Guarantee

A business benefits from a bank guarantee as:

- It allows one to defer payment for goods or services procured on the basis of the security provided by the bank guarantee.
- All the money is not tied up in one project but can be spread around.
- There is the cash available to explore and expand business.

Types and Purposes of Bank Guarantees

There are in general two types of Bank Guarantee:

a **Direct bank guarantee** is a guarantee which is issued by the bank of the account holder directly in favour of the Beneficiary.

b **Indirect guarantee** is a guarantee which is issued by a second bank in return for a counter-guarantee.

A financial institution can provide many different types of bank guarantees. These include the following:

1. Performance guarantee
2. Financial guarantee
3. Bid bond/ tender bond
4. Retention money
5. Maintenance money
6. Customs/excise duty
7. Shipping

Other classification of guarantees

- **Performance Guarantee** (or Performance Bond) – these are bonds that act as collateral for any loss suffered by the buyer in case the performance of the seller is below par.

π **Advance Payment Guarantee** – this is to ensure the safety of any advance payment made by the buyers to the seller. In case the seller is unable to deliver the service or the goods, then the buyer can get his money back.

θ **Payment Guarantee** – this guarantee is provided to the seller, ensuring payment by a predetermined date.

ρ **Conditional Payment Undertaking** – This is an instruction to the bank from an account holder to pay a sum of money to a creditor on completion of certain conditions. This bond is a post contract instrument that is used to pay off agents and contractor on completion of a project.

σ **Guarantee Securing Credit Line** – This surety is given to a creditor on claims against the debtor in case a loan is not repaid as per the terms of the agreement.

τ **Order and Counter Guarantee** – This is a surety given by the debtor to the creditor, to protect against the failure to fulfill an obligation as contracted. In case of default, the creditor can demand the payment back.

Amendment of guarantee
Guarantee is amended at the request of the applicant and becomes effective after it is accepted by beneficiary

Claim/ settelement
On receipt of claim from the beneficiary , the issuing bank will pay after verifying the terms and conditions

Cancellation or expiry of guarantee
Should be done before the expiry of the guarantee

Reimbursement – authorisation, claim/payment, clean payment, irrevocable undertaking

The essence of letter of credit is that it assures beneficiary of payment provided he presents credit compliant documents.

Nominated Bank – To facilitate the receipt of funds by the beneficiary, the issuing bank may nominate another bank called " Nominated bank" located in beneficiary"s location to check documents.After checking the documents, the nominated bank will claim reimbursement from a third bank called "**Reimbursing bank** " with which the issuing bank is having an account.

Claiming Bank – The bank negotiating/paying, incurring deferred payment undertakingsor accepting draft under a letter of credit and claiming reimbursement from the reimbursing bank.

Reimbursement authorisation
An instruction and or authorisation independent of letter of credit issued by an issuing bank to a reimbursing bank to reimburse a claiming bank

Reimbursement claim

Under the letter of credit,the beneficiary submit complying presentation to the nominated bank, and then as authorised under LC, the nominated bank claims money from the reimbursing bank.

Reimbursement undertaking

Sometimes the issuing bank , may require the reimbursing bank to issue its own separate undertaking to teh claiming bank , it is known as “ Irrevocable Reimbursement Undertaking” of the reimbursing bank. It means that even if issuing abnk fails , the reimbursing bank will pay to the claiming bank .

Syndicated loan

A syndicated loan, also known as a syndicated bank facility, is a loan offered by a group of lenders – referred to as a syndicate – that work together to provide funds for a single borrower. The borrower could be a corporation, a large project or a sovereignty, such as a government.

Receivabes financing – It is an arrangement in which a Company sells goods to various customers on credit, get financed by using its recxeivables as collaterals

Supply chain finance

A company which buys goods on credit from suppliers ,will make payments on due dates. The Company will send a list of payables to the Bank which in turn makes payment to suppliers with own funds.

Commodity finance

By using letter of credit,standby letter of credit,guarantees,Warehouse and receivables finance

Channel finance

Relates to financing covering suppliers and distributors also.

Bill discounting

When an exporter submit an export bill ,say fro 90 days usance , teh amount payable when it is due , however , the bank pay the bill early before its due date.

Uniform Customs and Practice for Documentary Credits (UCPDC)

The UC PDC was evolved by the International Chamber of Commerce,Paris with a view to serving as a set of rules governing letter of credit which could be accepted universllay by all the countries.

The Uniform Customs and Practice for Documentary Credits (UCP) is a set of rules on the issuance and use of letters of credit. The UCP is utilized by bankers and commercial parties in more than 175 countries in trade finance. Some 11-15% of international trade utilizes letters of credit, totaling over a trillion dollars (US) each year.

Historically, the commercial parties, particularly banks, have developed the techniques and methods for handling letters of credit in international trade finance. This practice has been standardized by the ICC (International Chamber of Commerce) by publishing the UCP in 1933 and subsequently updating it throughout the years. The ICC has developed and moulded the UCP by regular revisions, the current version being the UCP600. The result is the most successful international attempt at unifying rules ever, as the UCP has substantially universal effect. The latest revision was approved by the Banking Commission of the ICC at its meeting in Paris on 25 October 2006. This latest version, called the UCP600, formally commenced on 1 July 2007.It has 39 articles.

ISBP745(International Standard Banking Practices 745)

While UCP 600 gives and defines 39 articles, how they are interpreted under various circumstances are elaborated in ISDP.

URC 522 (Uniform Rules for collections)

It applys to all collections

URR 735 (Uniform rules for Bank to bank reimbursement under documentary credits ICC.)

It is a collection of rules effective from 01.10.2008.

URDG (Uniform Rules for demand Guarantees)

The present version in use is URDG 758 wef 1.7.2010.It covers international trading practices including demand guarantees .

ISP 98 (International Standby practices)- contains set of rules ,generally accepted practice,custom, and usage of standby letter of credit .

Value added services

The BPO services started with voice and non voice calls. Now it includes live chat,voice chat.The non voice calls include human resource outsourcing,accounting outsourcing and IT outsourcing .

Trade Compliance

The laws governing exports and imports are trade compliance.It will vary from country to country.

Country/Customer owner

It is a point contact for the customers accessed through desk phone, mobiles mails etc.,They understand the customers and ensure delivery within quality time and faster turnaround.

CDCS

The Certified Documentary Credit Specialists (CDCS) is a professional qualification recognized worldwide as a benchmark of competence for international trade practitioners. It enables documentary credit practitioners to demonstrate practical knowledge and understanding of the complex issues associated with documentary credit practice. The CDCS program has been developed and is continually reviewed by BAFT and The London Institute of Banking & Finance (formerly ifs University College) and industry experts to ensure that the certification reflects industry standards and best practices. CDCS is the international standard for documentary credit specialists, based on the ICC rules.

CDCS develops core knowledge and understanding of the following areas:

- Documentary credits - types, characteristics and uses, including standby credits
- Rules and trade terms, including ISBP 745, ISP 98, UCP 600, URR 725 and Incoterms 2010
- Parties to documentary credit transactions and their roles and obligations
- Types and methods of payment / credit used in documentary credit transactions. Types of transport, commercial and financial documents used in documentary credits
- Risk issues, including types of risk, control and mitigants
- Related products, including letters of indemnity, air way releases and steamship guarantees
- Implications of breaching rules related to financial crime including money laundering and terrorist financing

The benefits of continuing professional development include the following:

- It enables you to demonstrate a level of expertise in documentary credits recognized worldwide
- It improves your knowledge and understanding of the complex issues associated with documentary credit best practice
- It helps you develop the skills needed to apply your knowledge in the workplace and maximize your performance

ζ It helps you to learn how to comply with regulatory requirements

aa It fosters innovation in customer service and improves your customer relationships

SYLLABUS

UNIT V : Cash Management and Payment Services

Cash Management Overview : Cash Management Product Suite A Glance and Brief on all Products - **Payments Life Cycle:** Payments Originations and various products in Originations Phase
Introduction to Funds Transfer : Various types of Funds transfer(Clearing,Treasury Payments,Bills receivables,Collections,lockbox,loans/deposits, Bulk Remittances etc
Pre Funds Transfer : A -/c Opening and Maintenance, Workflow Management - Funds Transfer - Payments : Instruction Acceptance - Payment Security - Call Back and Other Controls - Routing and Accounting Entries - Settlement and Payment Structuring, Various Clearing Systems , Overview - Post Funds Transfer : **Nostro Reconciliations** - Proofing - Investigations - Financial Messaging - Tracking - MIS and Treasury Reporting - Amendments and Collections
Risk management around payments- few case studies.STP Analysis and Improvements.

CASH MANAGEMENT

Cash management refers to a broad area of finance involving the collection, handling, and usage of cash. It involves assessing market liquidity, cash flow, and investments.

Payments overview :

Purpose of payment system is to transfer funds from one account to another at another bank.

Benefits of payment systems:

- Cost and time saves
- Covenience and flexibility
- High security and control

Various modes of payment :

- Cash
- Cheques
- Demand Draft
- Debit card
- Credit card
- Electronic payment

Major kind of payment systems:

1. **NEFT**
2. **RTGS**
3. **Tax payment**
4. **Indirect tax**
5. **ECS**
6. **NECS**
7. **Demand draft**
8. **Cheques**
9. **Dividend warrant**

PAYMENT LIFE CYCLE

There are three stages to payment processing: validation, reservation, and finalization. The payment life cycle is related to the order life cycle stages: order capture, release to fulfillment, and shipping.

Validation

Ensures that a customer has adequate funds to make the purchase. The payment action depends on the customer's payment method. For instance, when a customer pays for a purchase using a credit card, a credit card authorization is sent and if it is valid, the transaction is approved. This process occurs during an order submission.

- **Reservation**

Ensures that funds are available before shipment of the goods. The reservation amount is the sum of all order release amounts. This process occurs during a release to fulfillment.

- **Finalization**

Payment finalization is typically driven by a shipment confirmation message from or on behalf of the fulfiller. This process occurs when the goods are shipped for the order release.

An order can have multiple releases if items in the order must be shipped from different warehouses or use different carriers, or if some of the items need to arrive at different times, such as for an expedited item. Additionally, a customer can group order items in the same order to ship together, including backordered items or future shipments.

Lockbox—wholesale services

Often companies (such as utilities) which receive a large number of payments via checks in the mail have the bank set up a post office box for them, open their mail, and deposit any checks found. This is referred to as a "lockbox" service.

Lockbox—retail services

They are for companies with small numbers of payments, sometimes with detailed requirements for processing. This might be a company like a dentist's office or small manufacturing company.

SETTLEMENT AND PAYMENT STRUCTURING

A structured settlement is a negotiated financial or insurance arrangement through which a claimant agrees to resolve a personal injury tort claim by receiving part or all of a settlement in the form of periodic payments on an agreed schedule, rather than as a lump sum.

TYPES OF FUND TRANSFER

India has multiple payments and settlement systems, both gross and net settlement systems. For gross settlement India has a Real Time Gross Settlement (RTGS) system called by the same name and net settlement systems include Electronic Clearing Services (ECS Credit), Electronic Clearing Services (ECS Debit), credit cards, debit cards, the National Electronic Fund Transfer (NEFT) system and Immediate Payment Service.

RTGS AND NEFT

The acronym 'RTGS' stands for real time gross settlement. The Reserve Bank of India (India's Central Bank) maintains this payment network. Real Time Gross Settlement is a funds transfer mechanism where transfer of money takes place from one bank to another on a 'real time' and on 'gross' basis. This is the fastest possible money transfer system through the banking channel. Settlement in 'real time' means payment transaction is not subjected to any waiting period. The transactions are settled as soon as they are processed. 'Gross settlement' means the transaction is settled on one to one basis without bunching with any other transaction. Considering that money transfer takes place in the books of the Reserve Bank of India, the payment is taken as final and irrevocable.

Fees for RTGS vary from bank to bank. RBI has prescribed upper limit for the fees which can be charged by all banks both for NEFT and RTGS. Both the remitting and receiving must have core banking in place to enter into RTGS transactions. Core Banking enabled banks and branches are assigned an Indian Financial System Code (IFSC) for RTGS and NEFT purposes. This is an eleven digit alphanumeric code and unique to each branch of bank. The first four letters indicate the identity of the bank and remaining seven numerals indicate a single branch. This code is provided on the cheque books, which are required for transactions along with recipient's account number.

RTGS is a large value (minimum value of transaction should be □2, 00,000) funds transfer system whereby financial intermediaries can settle interbank transfers for their own account as well as for their customers. The system effects final settlement of interbank funds transfers on a continuous, transaction-by-transaction basis throughout the processing day. Customers can access the RTGS facility between 9 am to 4:30 pm (Interbank up to 6:30 pm) on weekdays and 9 am to 2:00 pm (Interbank up to 3:00 pm) on Saturdays. However, the timings that the banks follow may vary depending on the bank branch. Time Varying Charges has been introduced w.e.f. 1 October 2011 by RBI. The basic purpose of RTGS is to facilitate the transactions which need immediate access for the completion of the transaction.

Banks could use balances maintained under the cash reserve ratio (CRR) and the intra-day liquidity (IDL) to be supplied by the central bank, for meeting any eventuality arising out of the real time gross settlement (RTGS). The RBI fixed the IDL limit for banks to three times their net owned fund (NOF).

The IDL will be charged at □25 per transaction entered into by the bank on the RTGS platform. The marketable securities and treasury bills will have to be placed as collateral with a margin of five per cent. However, the apex bank will also impose severe penalties if the IDL is not paid back at the end of the day.

The RTGS service window for customer's transactions is available from 8:00 hours to 19:00 hours on week days and from 8:00 hours to 13:00 hours on Saturdays.

No Transaction on weekly holidays and public holidays.

TARGET2 is a RTGS system that covers the European Union member states that use the euro, and is part of the Eurosystem, which comprises the European Central Bank and the national central banks of those countries that have adopted the euro. TARGET2 is used for the settlement of central bank operations, large-value Euro interbank transfers as well as other euro payments. TARGET 2 provides real-time financial transfers, debt settlement at central banks which is immediate and irreversible.

IMMEDIATE PAYMENT SERVICE (IMPS)

Immediate Payment Service (IMPS) is an initiative of National Payments Corporation of India (NPCI). It is a service through which money can be transferred immediately from one account to the other account, within the same bank or accounts across other banks through mobiles. Upon registration, both the individuals are issued an MMID (Mobile Money Identifier) Code from their respective banks. This is a 7 digit numeric code. To initiate the transaction, the sender in his mobile banking application need to enter the registered mobile number of the receiver, MMID of the receiver and amount to be transferred. Upon successful transaction, the money gets credited in the account of the receiver instantly. This facility is available 24X7 and can be used through mobile banking application. Some banks have also started providing this service through internet banking profile of their customers. Though most banks offer this facility free of cost to encourage paperless payment system, ICICI bank and Axis bank charge for it as per their respective NEFT charges.

Nowadays, money through this service can be transferred directly also by using the receiver's bank account number and IFS code. In such case, neither the receiver of the money needs to be registered for mobile banking service of his bank, nor does he need MMID code. IMPS facility differs from NEFT and RTGS as there is no time limit to carry out the transaction. This facility can be availed 24X7 and on all public and bank holidays including RBI holidays.

Various clearing stystems:

1. Clearing house : This is a network of banks in a particular region where the Central Bank or lead bank is the focal point through which all cheques are routed by all participating banks.A net settlement is done at the clearing house.

- There are MICR clearing house wherein the MICR clearing is undertaken. The MICR clearing houses are managed by RBI appointed banks.
- CTS- Cheque Truncation System -

  Cheque Truncation System (CTS) or **Image-based Clearing System (ICS**), in India, is a project of the Reserve Bank of India (RBI), commencing in 2010, for faster clearing of cheques. CTS is based on a cheque truncation or online image-based cheque clearing system where cheque images and magnetic ink character recognition (MICR) data are captured at the collecting bank branch and transmitted electronically.

  Cheque truncation means stopping the flow of the physical cheques issued by a drawer to the drawee branch. The physical instrument is truncated at some point en route to the drawee branch and an electronic image of the cheque is sent to the drawee branch along with the relevant information like the MICR fields, date of presentation, presenting banks etc. This would eliminate the need to move the physical instruments across branches, except in exceptional circumstances, resulting in an effective reduction in the time required for payment of cheques, the associated cost of transit and delays in processing, etc., thus speeding up the process of collection or realization of cheques.

Nostro Reconciliations

The Foreign Exchange (FX) Market is one of the biggest and most liquid markets in which currencies are traded over the counter (OTC) involving players like central banks, corporate majors, hedge funds, investment banks, commercial banks etc. It aids activities such as cross-border trade, mergers & acquisitions, tourism etc. As per the Bank for International Settlements, the average daily turnover of global foreign exchange as of April 2010 is estimated at $3.98 trillion. In order to deal in the Foreign Exchange Market and transact in foreign currencies, banks maintain accounts with other banks globally. This is known as a Nostro Account. For instance, consider two banks: ABC Bank, New York and XYZ Bank, Mumbai. For XYZ Bank, its account in ABC Bank is a 'Nostro Account' (My account with you) and ABC Bank's account with it is a 'Vostro Account' (your account with me). ‘Nostro’ and ‘Vostro’ are Italian words for “Our” and “Your” respectively. Reconciliation of these accounts is called Nostro Account Reconciliation or simply Nostro Reconciliation. In India only Scheduled Commercial Banks (SCB) can maintain a Nostro Account, and three types of branches are permitted to deal in them. The A category branch owns, maintains and funds this account. After the Nostro Reconciliation, they submit the statutory returns to the appropriate authorities. The B category branch can operate the account maintained by A category branches and the C category branches are the remaining Scheduled Commercial Bank branches dealing through B or A category branches for their forex transactions.

Terms used in the reconciliation process

The account maintained by a bank with another bank is known as a Nostro account and the statement which it receives from the bank with which it maintains accounts is known as a Nostro account statement. The replica of this account is maintained by the bank in its books for operational purposes and is known as a Nostro mirror account. Through the process of reconciliation, banks can track the status of cash received/receivable and the amount paid/payable and track unsettled transactions either in mirror or in actual Nostro accounts. For instance, banks can ensure that their interbank cash flows from FX Spot, FX Forward, FX Swaps, borrowings, placements, derivative trades and merchant flows like Foreign Bills purchased/realized, Foreign Inward/ Outward Remittances etc. are received and paid appropriately. It is important for banks to reconcile Nostro accounts immediately on receipt of the statements from the correspondent banks as this will enable them to reconcile the same with their Nostro mirror balances and also take quick remedial action in case of unsettled/ discrepancy in transactions. Most banks receive Nostro account statements through SWIFT MT940 and MT950. Banks without SWIFT get a soft copy of the statement either by email or a hardcopy delivered from the local branch of the correspondent bank.

Process of reconciliation Nostro debit entries are reconciled against the mirror credit entries Nostro debits may arise due to: • Honoring the payment messages sent by the bank/payment of draft issued by the bank • Charges debited in the Nostro accounts • Reimbursement to negotiating bank, under Letters of Credit transactions • Payments on account of interbank deals This is to ensure that all the payment settlements are acted upon by the correspondent bank and are reflected in the

Nostro statement accordingly. Nostro credit entries are reconciled against the mirror debit entries Nostro credit may arise due to: • Inward remittances received on behalf of customers • Interest amount credited • Receipts from interbank deals • Realization of bills sent for collection • Reimbursement of negotiated bills This is to ensure that all the receipt settlements are acted upon by the correspondent bank and are reflected in the Nostro statement accordingly. Credit in the Nostro mirror is to be reconciled with debit in the actual Nostro account. Credit in actual Nostro is to be reconciled with debit in Nostro mirror accounts.

Financial messaging

- It is the mechanism by which the fund transfers are effected
- Messages can be structured or unstructured
- Electronic in nature
- Information in structured messages falls into codes
- They are life blood of cash management
- SWIFT,TELEX are messaging systems

Telex: similar to telephonic network.Used for text based messages.They are unstructured messages and not through a security mode, susceptible to fraud,usage is diminising .

SWIFT: Society for Worldwide Interbank Financial Telecommunications.
It allows the corporate to transfer financial transactions through SWIFTmessage.Established in 1975.Swift codes are known as " Business Identifier Codes"(BIC).It transfers messages between two financial institutions.

Process of SWIFT work

- All the members of SWIFT are connected to each other through this physical telecommunication network
- In each member"s location software is installed on computers
- The message structure, format and contents are common across banks .

Risk Management around payments – few case studies

Case 1: Mr.Vincent had a savings bank account with EXCEL bank , Hyderabad branch. He gave instructions to the bank to transfer Rs. 500000/ - to a customer Mr.Raman with another bank BOSS Bank, Mumbai. After few days, Mr.Vincent complained with EXCEL bank, that the money has not been transferred to Mr. Raman. The bank said that it has already transferred the amount. But Mr.Vincent told the bank again that the money is not transferred and insisted for loss due to lack of sevice. While verifying the records, the EXCEL bank found that the money had been wrongly credited to some other account.

Analysis : The case was analysed and found that the payments was not poperyly checked at the branch level and resulted in wrong payment. The bank has to make good for the loss to the customer .

STP Analysis and improvements -STP- (Straight Through Processing)

What is Straight Through Processing - STP

Straight-through processing is a term coined by the financial services industry to describe a system in which a transaction can occur electronically without any human intervention. This increased level of automation was enabled by the widespread proliferation of high-speed Internet access, and the increased processing power of computers, starting in the 1990s and early 2000s.

BREAKING DOWN Straight Through Processing - STP

Straight-through processing has come to refer to efforts across a wide number of industries to automate the processing of transactions and allow businesses to authenticate their customers on the web, sell those customers a product, initiate delivery of the product, and offer other products and services to the customer automatically, through one point of sale. The adoption of straight-through processing allows companies increase profitability by using automation technology to engage in business analytics, and to market new products and services, and it also allows them to grow their total sales by improving the customers' experiences by removing friction from each transaction.

An example of a company that has implemented straight-through processing is Amazon. The online retailer has remained focused throughout its existence on removing any obstacles to a customer purchasing something on its website, and has made great use of automation technology and sophisticated algorithms to serve customer recommendations that drive revenue.

Straight-through Processing and the Financial Services Industry

The concept of straight-through processing was invented by the financial services industry, and there are many reasons why it's a concept particularly suited for Wall Street. Unlike industries like manufacturing or retail, the investment industry doesn't deal in physical products that must be warehoused, shipped over great distances or are subject to chance of physical damage. What Wall Street sells, namely ownership rights and debt obligations, can be easily translated into the language of computers. That's why investors have been able to transact through computers and computer networks since at least the 1970s, whereas e-commerce did not become widespread until the 1990s.

In the world of financial services, straight-through processing involves several features, including partial automation of back-office functions, like accounting and auditing, as well as automatic payment processing, verification, and customer authentication. Straight through processing has eliminated the need in some markets for phone communication between traders and brokers, and has also reduced reliance on fax machines for sending additional information needed to complete transactions.

Straight-through processing is sometimes contrasted with a system known as T+3, which institutes a settlement cycle of three days, stands for "trade date plus three days." Under such a system, a seller of a security must deliver the paper certificate within three business days, while the buyer must deliver payment within three days.

Unit 1	option A	option B	option C	option D	Answers
The prime source of income for banks is through	Collection of chequ	Deposits	Custodial service	Lending	Lending
GAAP refers to	General Accounts Arrangement Principles	Generally Acccepted Accounting Principles	German Agreed Accounting Practices	Generally Allotted Accounting Principles	Generally Acccepted Accounting Principles
Lending involves many _____________	benefits	transactions	changes	risks	risks
_____________risk arises from funding of long term loans by short term loans	Interest rate	Liquidity	Commodityprice	Equity price	Liquidity
When the payment cycle is initiated by payer, it is k	Debit pull	Beneficiary pull	Credit push	Payee pull	Credit push
____________is also known as the Public Company Accounting Reform and Investor Protection Act	US PATRIOT	SOX	BSA	PMLA	SOX
The risk of loss resulting from nonpayment of loans	Credit risk	Operational risk	Market risk	Internal risk	Credit risk
Similar to SOX, Indian reporting requirements are c	AAS 24	IAS	SAS 70	SOX	AAS 24
_____________is a supervisory rating system to ascertain a bank's overall condition	SOX	CAMELS	BASEL	PMLA	CAMELS
According to CAMELS rating banks are assessed on _______factors	five	two	three	six	six
________refers to cleansing proceeds of crime, so that it appears to come from a legitimate source	moneylaundering	moneytrading	money making	moneymatching	moneylaundering
_____________is disposing off or relieving the criminal in possession of large amount of cash	Placement	Structuring	Layering	Integration	Placement
____________is sometimes referred to as structuring	Placement	Structuring	Layering	Integration	Layering
____________refers to under - or over - valuing inv	moneylaundering	moneytrading	money making	trade based laundering	trade based laundering
____________ is used by inbound call centres to manage flow of incoming calls	IVRS	Internet	Automated Call Distributors (ACD)	VRS	Automated Call Distributors (ACD)
The PML Act issued in India in 2002 had the main objective to provide for _________of property involved in money laundering	confiscation	controlling	communication	concealing	confiscation

____________procedures enable banks to know their customers and their business	documentation	identification	KYC	AML	KYC
KYC guidelines are based on the recommendations	FATF	OFAC	BSA	USPATRIOT	FATF
BCSBI refers to	Banking Codes and Standards Board of India	BASEL codes and Standards Board of India	Banking Customer Service Board of India	Banking Cods Service Board of India	Banking Codes and Standards Board of India
Banks use _______________ pricing technique to measure and improve profitability of different units	Cost plus pricing	Fund transfer pricing	Profit pricing	Unit pricing	Fund transfer pricing
Banks should appoint ________officer to act independently and report directly to senior management or Board of Directors	Secret	Proper	Principal	Audit	Principal
In banks maker and checker job responsibilities are assigned under_______________	seggregationof dutie	systems andcontrols	money making	Management	seggregation of duties
The PMLA in India has prescribed for banks to maintain a record of transactions of value more than rupees _________lakhs	12	15	10	1	10
Under records preservation policy of KYC, banks have to maintain all records of customer transactions for atleast _________years	4	5	6	2	5
PMLA refers to _________	Process of Money Lending Act	Process of Money Laundering Act	Prevention of Money Laundering Act	Prevention of Market Loss Act	Prevention of Money Laundering Act
Which of the following is a non-individual custome	minors	non resident	foreign national	Partnership	Partnership
Banks lease their immovable property-safes, deposit lockers and customers hire them under a stamped agreement of	Lease	Memorandum of Letting	Interest	Repayment	Memorandum of Letting
A _____________lien gives the right to retain possession only of those goods for which credit was given.	Particular	General	Appropriate	Interest	Particular
Banker has an___________right to charge interest f	express	implied	general	legal	implied
In case of ___________accounts are opened under guardianship of father/mother or court appointed legal guardian.	Lunatic’s	Minor	illiterate’s	HUF	Minor

Demat request form has to be submitted to _______	Depository	central govt.	depositorypartici	registrar	depository participant
___________is India's first WLA ATM	WLA-Hindustan	WLA-Hindukush	WLA-INDICASI	WLA-Automatic	WLA-INDICASH
As per RBI guidelines a maximum of _______free transactions are allowed per month at INDICASH	10	7	8	5	5
The first Indicash ATM was inauguarated on 27th J	2012	2013	2015	2016	2013
_____________is the party making the payment	payer	payee	beneficiary	bank	payer
_______is the party receiving the payment	beneficiary	payer	registrar	bank	beneficiary
__________________cannot be a nominee.	Depositors	Non individual entity	Businessmen	Illiterate	Non individual entity
_____________are widely used for nonresident account operations where customer/principal cannot be present.	Power of solicitatio	Power of attorney	Hindu Undivided	Concealed Authority	Power of attorney
The risk that a change in the prices of production inputs will adversely impact the manufacturer.	Liquidity risk	Forex risk	Commodity Price risk	Interest rate risk	Commodity Price risk
Public can deposit with the banks for a period of __	7 days to 5 years	1 year to 10 years	7 days to 10 year	Any period	7 days to 10 years
_______is sometimes referred to as structuring.	Layering	Placement	Integration	Laundering	Layering
BASEL is in _____________	Switzerland	Germany	India	Paris	Switzerland
_________is the risk of loss resulting from inadequate or failed internal processes and systems.	Market risk	Operational risk	Reputational risk	Credit risk	Operational risk
As per CAMELS ratings banks with an average score of less than two are considered to be _______institutions.	High Quality	Low Quality	Moderate	Less Satisfactory	High Quality
As per SAS 70, there are _________types of service auditor's report.	2	3	4	5	2
BASEL III is to be implemented by ____________2	23rd January	3rd August	31st March	31st April	31st March
Which of the following stages in money laundering involves purchasing of high value items (boats, cars, art work, and diamonds)	Layering	Placement	Integration	Laundering	Layering
FATF was set up in 1989 by the___________summi	G-5	G-10	G-11	G-7	G-7
The Unlawful Activities (Prevention) Act (UAPA)	Switzerland	Germany	India	Paris	India
_________procedures help banks to know their cus	CFT	AML	NEFT	KYC	KYC
In recent times, reports are flashed in media regarding incidence of frauds in banks which results in image loss .This type of risk is known as __________	Credit risk	Market risk	Reputational risk	Media Risk	Reputational risk

___________monitoring is essential for an understanding of the normal and reasonable activity of the customer	Ongoing	Periodic	Closure	Risk	Ongoing
ECS is an electronic mode of payment/receipt for transactions that are repetitive in nature routed through the ____bank	sponsor	collective	corresponding	central	central
_____________provide cardholders with a credit facility and the possibility of deferring payment	debit cards	credit cards	forex cards	diners cards	credit cards
RTGS and NEFT are payment settlement systems with RBI at the center routing all tansactions between various banks with the help of ______	MICR	IFSC	SDN	NCCT	IFSC
Our account maintained with our correspondent bank in another country	VOSTRO	NOSTRO	MIRROR	Mirror NOSTRO	NOSTRO
Other Country"s bank account maintained with India is known as _______	VOSTRO	NOSTRO	MIRROR	MIRROR NOSTRO	VOSTRO
In case of mutual funds the sponsor must contribute	50%	40%	30%	60%	40%
Investing in growth funds requires risk tolerance and a holding period of greater than _____years	2	3	4	5	3
A Systematic Investment Plan refers to ___________investing in a mutual fund	day to day	periodic	yearly	hourly	periodic

Unit 2	option A	option B	option C	option D	Answers
_________is a debt in which the borrower pledges property or a collateral as a security	redeemable loan	debenture	secured loan	unsecured loan	secured loan
_________is a debt in which the borrower does not have any property or a collateral as a security	redeemable loan	debenture	secured loan	unsecured loan	unsecured loan
____is a plastic card issued by financial institutionson behalf of a merchant or an organisation to their customers for purchase of goods	co-branded card	virtual card	private label card	affinity card	private label card
The issuing bank instead of providing plastic cards provides only card number, expiry date and CVV to the card holder	co-branded card	virtual card	private label card	affinity card	virtual card
Cards offered to employees of large companies to fund official expenses	corporate card	co-branded card	virtual card	private label card	corporate card
Certain percentage of purchase through this card goes to charity	co-branded card	virtual card	private label card	affinity card	affinity card
A merchant can send transactions to the bank in _____different ways	2	4	5	3	3
If minimum amount due is paid by the customer then ____will not be charged	late payment fee	interest	Total amount due	charges	late payment fee
If the transaction is _______the association will not be involved in the settlement process	off-us	on-us	not for us	away	on-us
These are transactions where the issuing bank and the acquiring bank are different.	off-us	on-us	not for us	away	off-us
_________is a unique 12 character alphanumeric identification alloted for a security	IFSC	ISIN	IISC	PIN	ISIN

It is a product with very low balance requirement for financial inclusion	minor account	mirror account	no frill account	corporate account	no frill account
It is a term deposit in foreign currency,source of funds outside india and all account holders being NRIs	FCNR	NRE	NRO	RFC	FCNR
_____are used primarily for transfer and management of assets	public co.	HUF	Sole proprietor sh ip concern	trusts	trusts
Business firm established operated and owned by sole individual	public co.	HUF	Sole proprietor sh	trusts	Sole proprietorshi
			ip concern		p concern
The bank that acts as an intermediary between the remitting bank and benificiary bank	Correspondent bank	Remitting bank	RBI	Beneficiar y bank	Corresponde nt bank
In _________payment system, the payment is cleared transaction by transaction	NEFT	RTGS	SWIFT	ECS	RTGS
In _________payment system, the payment is cleared batch wise	NEFT	RTGS	SWIFT	ECS	NEFT
________accounts are replica of the actual NOSTRO accounts	VOSTRO	NOSTRO	MIRROR	Savings	MIRROR
________is when a company buys majority stake of a target company's shares	Acquisition	Merger	Restructur in g	Structurin g	Acquisition
_________is an event where two or more companies merge into a new company aiming to be more competitive	Acquisition	Merger	Restructur in g	Structurin g	Merger
___________is when an entity is unable to repay a debt	Liquidation	Spin off	Bankruptc y	Reverse split	Bankruptcy

The issuing company offers to repurchase its own shares/securities from existing shareholders	Liquidation	Spin off	buy-back program	Reverse split	buy-back program
_________machine reads the magnetic stipe, where details of the card as well as cardholder are captured	EDC	Printer	Fax	Computer	EDC
__________card uses a chip to enable the cardholder to authorise any transaction	Debit	co-branded card	Credit	Smart	Smart
In a credit card digits 1-6 specify the _____needed to identify the bank	PIN	BIN	IFSC	ISIN	BIN
An authorisation request is also referred to as a ________transaction	base 2	base	base 3	base 1	base 1
Upto one month the bank allows the cardholder to transact if payment is not made and after that, the bank will _______the card	stop	freeze	block	delete	block
Feeding the customer details provided in the application into the system is called_______	data entry	referrals	underwriti n g	list check	data entry
Checking for any existing accounts of customer is called ________	de-duplication	data entry	referrals	underwriti ng	de-duplication
The ______________performs the first step in issuing a credit card to an individual.	RBI	AFU	FIU	CBI	AFU
When multiple loans are obtained for the same property exceeding the actual value of property.	Short gunning	Property flipping	Document fraud	Income fraud	Short gunning
________facilitates bulk transfer from one account to many accounts.	Cheque	ECS	DD	Warrant	ECS

_____________account is opened by business men wherein they have daily banking transactions	Savings	Current	FCRA	EEFC	Current
The risk that a change in the prices of production inputs will adversely impact the manufacturer.	Liquidity risk	Forex risk	Commodity Price risk	Interest rate risk	Commodity Price risk
Where the association makes a decision on behalf of the issuer is called ________processing.	Card	Straight through	POS	Stand in	Stand in
The settlement cycle between the time the cardholder does a transaction and the time it reflects in his account is ________days.	2-3 days	3-5 days	5-6 days	4-5days	3-5 days
Cash Advance fee is the fee that is charged by the bank when a cardholder withdraws cash using his ___________card.	Credit	Debit	Smart	Forex	Credit
This amount is charged when the cheque payment made by the cardholder bounces.	Cash advance fee	Forex fee	Late payment fee	Return repayment fee	Return repayment fee
The Unlawful Activities (Prevention) Act (UAPA) belongs to	Switzerland	Germany	India	Paris	India
When a transaction is being made with a lost or stolen card, the issuing bank gives a _______message.	Capture card	Processing	Stop	Remit	Capture card
_________is a mechanism ti transfer messages.	ISIN	BCP	SWIFT	IFSC	SWIFT
_______is a customer identification process.	AMC	CAP	KYC	EEFC	KYC
Techniques or stages inolved in "money laundering" does not include:	Placement	Layering	Collection	Integration	Collection
Which one is NOT a High risk customer:	Politician	Travel Agent	Arms Dealer	Salaried person	Salaried person

____________is a list of know terrorists, money launderes, fraudsters, criminals issued by OFAC	NCCT	SDN	ISIN	FATF	SDN
Which statement for Non Resident External	can have resident	Account is	Interest	Funds credited in	can have
(NRE) account is incorrect ?	account holder	maintained in Forign currency	amount is taxeble at 30%	the account muct have source in forign country	resident account holder
Which statement is NOT correct about HUF customer ?	consists of person lineally descended from a common ancestor and their wives	Minors are not part of the HUF	Eldest male member is the Karta of HUF	All other members are called Co Parcenors	Minors are not part of the HUF
CIBL is for :	Credit Information	Customer Information	Central Investigati o n	Company Investigati on	Credit Information
Which one is NOT required for a Credit Score ?	Payment history	Amount Owned	Length of credit history	Applicant' s age	Applicant's age
A Credit card custumer pays minimum amount of the total outstanding on the payment due date. Will he have to pay interest on outstanding amount ?	Yes	No	It is interest free Paid	None of these	Yes

Which one is NOT a a participant in a credit card transaction ?	Merchant	Issuing Bank	Card Associatio n	Central Bank - RBI / Federal Reserve etc.	Central Bank - RBI / Federal Reserve etc.
Diners Card is a	Credit Card	Prepaid Card	Debit Card	Charge Card	Charge Card
Interchange fee is collected by the	Card Issuing Bank	card association	aquiring bank	corresspon dent bank	card association
XYZ bank customer performs a transaction at ABZ merchant outlet.ABZ merchant submits the change to NBC bank. The transaction is called:	Off us transaction	Neutral transaction	On us transactio n	None of the above	Off us transaction
Card Issuing Bank	card associations	aquiring bank	corresspon d ent bank	Card Issuing Bank	card associations
Acquiring Bank	Merchant Where transaction is done	Card Association (Visa / Master Card)	Issuing Bank	Acquiring Bank	Issuing Bank
Which one of the following is not a Card Asssociation?	Visa Master Card	Master Card	American Express	Citi Bank	Citi Bank
EEFC account is	Interest bearing account which mitigates exchange risk	Current account in forign currency	Savings account in forign currency	Both a and b	Both a and b
A private limited company becomes public limited by issuing IPOs for general public subscription to raise money for ____________	expansion	allotment	reinvestm en t	distributio n	expansion

UNIT 3					
	option A	option B	option C	option D	Answers
Which one of the following is NOT a major secondary market investor ?	Fannie Mae	Ginnie Mae	Freddie Mac	Jenny Mae	Jenny Mae
Aged people with less or no income can avail …. This product as their source of income :	Reverse Mortgage	Balloon Mortgage	HELOC	Mortgage Refinance	Reverse Mortgage
Expand MBS	Mortgage Backed Securities	Market Based Securities	Money Based Securities	Major Based Securities	Mortgage Backed Securities
Ginnie Mae was formed in_______.	1968	1972	1950	1982	1968
__________________is the distribution of dividend as shares rather than cash	dividend reinvestment	stock dividend	bonus	buy back	stock dividend
No new company is created by__________	merger	spin off	acquisition	none of the above	acquisition
________is the cash payment made to the investor for sharing the profits of a company	bonus	commission	dividend	fee	dividend
___________is where the current shareholders receive new shares for free	bonus	commission	dividend	fee	bonus
________is the process of splitting certain parts of the company and establishing independent business	merger	spin off	acquisition	none of the above	spin off
_________is when an entity is unable to repay debt or interest when they are due	Liquidation	bankruptcy	spin off	reverse split	bankruptcy
The issuing company offers to repurchase its own shares from existing shareholders	dividend reinvestment	stock dividend	bonus	buy back	buy back
_____________is an arrangement to utilise the dividend amount to buy more shares from the stock market	dividend reinvestment	stock dividend	bonus	buy back	dividend reinvestment

The ________load is payable in case the investment is made through an agent	exit load	back end load	entry	recurring	entry
_______load is levied to discourage early exit by investors	exit load	front end	entry	recurring	exit load
The ________load is not applicable in case of direct application received by the AMC	exit load	back end load	entry	recurring	entry
For providing services of qualified staff the AMC collects fee called as_________ratio	operating	liquid	service	expense	expense
If the __________load declines with the longer investment tenor it is called contingent deferred sales charges	exit load	front end	entry	recurring	exit load
_________is the fees charged by AMCs to employ highly experienced and qualified staff to take care of investments	exit load	back end load	entry	recurring charges	recurring charges
________is the largest stock exchange founded in 1792	NYSE	BSE	NSE	NASDAQ	NYSE
________is Asia's first stock exchange	NYSE	BSE	NSE	NASDAQ	BSE
___________is an electronic stock exchange	NYSE	BSE	NSE	NASDAQ	NASDAQ
________is where the securities are created here by Initial public offer of stocks and bonds to investors by companies	primary market	secondary market	bear market	bull market	primary market
_______is where investors trade previously-issued securities	primary market	secondary market	bear market	bull market	secondary market
_______is when the economy is doing well, with rising stock prices	primary market	secondary market	bear market	bull market	bull market
__________is when the economy is depressed with decreasing share values	primary market	secondary market	bear market	bull market	bear market

____________invest only in money market securities	bear	bull	chicken	pig	chicken
____________are reckless, greedy investors who buy on hot gossip	bear	bull	chicken	pig	pig
An EDC machine is installed in the _________location	card holder's	issuing bank's	acquiring bank's	merchant	merchant
________________refers to cases where the merchant charges the cardholder twice for the same transaction	amount difference	double debit	cash disense is less	charge not incurred	double debit
Secured loans against fixed assets are called _________	hypothecation	mortgage	amortisatio n	lien	mortgage
Secured loans against movable assets are called _________	hypothecation	mortgage	amortisatio n	lien	hypothecation
____________is the market value of the home after deducting any mortgage outstanding	lien	equity	amortisatio n	hypothecatio n	equity
__________is the creditor's legal claim against the property being mortgaged	lien	equity	amortisatio n	hypothecatio n	lien
__________means a death pledge/contract that ends when the obligation is fulfilled	hypothecation	mortgage	amortisatio n	lien	mortgage
________refinance is when a borrower refinances from his existing lender and the property mortgage remains with the same lender	On us refinance	off us refinance	rate and term finance	Cash out refinance	On us refinance
________refinance is when a borrower refinances from another	On us	off us	rate and	Cash out	off us
lender and the lien may get transferred to the new lender	refinance	refinance	term finance	refinance	refinance
Government National Mortgage Association is commonly known as___________	Fannie Mae	Ginnie Mae	Freddie Mac	GI bill	Ginnie Mae

Federal Home Loan Mortgage Association is commonly known as ____________	Fannie Mae	Ginnie Mae	Freddie Mac	GI bill	Freddie Mac
Expand LAP	Loan Against place	Loan Against Property	Low application and pay	Lien against plan	Loan Against Property
This is a mortgage with an initial fixed rate for a period of 3 to 10 years	HELOC	Balloon Mortgage	Interest only mortgages	ARM	Interest only mortgages
Loan that a borrower can obtain using his home equity as collateral	HELOC	Balloon Mortgage	Interest only mortgages	ARM	HELOC
This is mainly for senior citizens who convert their home equity to lump sum or regular income	Reverse Mortgage	HELOC	Balloon Mortgage	Interest only mortgages	Reverse Mortgage
ARM in India is known as _____________	floating rate loans	HELOC	Balloon Mortgage	Interest only mortgages	floating rate loans
A conventional loan is secured by ___________and made at the risk of the lender without the benefit of any FHA or VA	real estate	collateral	fixed assets	movable property	real estate
__________loan conforms to GSEs FNMA and FHLMC	jumbo	non-conforming	conformin g	none of the above	conforming
___________is a loan type whose quantum is above the conforming loan limits	jumbo	non-conforming	conformin g	none of the above	jumbo
___________are also known as Thrift	Savings and loan associations	card associations	mutual savings bank	credit unions	Savings and loan associations
The FDIC insures deposits of both ____________and state banks	central	national	private	commercial	national
_________banks are supervised by the office of the comptroller of currency	central	national	private	commercial	national
_________banks are supervised by the applicable state governments	central	state	private	commercial	state

Mortgage loan application is done through _____________	ginnie mae	fannie mae form 1003	Freddie Mac	form 2202	fannie mae form 1003
__________are monthly payslips required to ascertain a borrower's ability to pay	pay stubs	pay slips	pay rolls	chargeslips	pay stubs
CIBIL issues a CIR along with a 3 digit score ranging from _______to ______	200 to 300	300 to 900	500 to 700	800 to 1000	300 to 900
A CIBIL score of above_____is viewed favourably by lenders	500	400	600	700	700
There are ________types of debt to income ratio	2	3	4	5	2
________is a desktop appraisal product based on mathematical modelling of a data base	Full interior appraisal	Automated valuation model	Drive-by appraisal	360 appraisal	Automated valuation model
Valuation of property is__________on any mortgage transaction	mandatory	optional	mandatory with option	excluded	mandatory
In this type of appraisal the appraisal is done from inside out	Full interior appraisal	Automated valuation model	Drive-by appraisal	360 appraisal	Full interior appraisal
On the loan ________date the subject property is transferred to the buyer and money paid to the seller	opening	maturity	due	closing	closing

Unit 4	option A	option B	option C	option D	Answers
____________________is our account in a different country.	NOSTRO	VOSTRO	MIRROR	contra	NOSTRO
Who regulates the money circulation in India ?	State Bank of India	Reserve Bank of India	Ministry ofFinance	Commercial Banks	Reserve Bank of India
Which one is NOT a way of money transaction	Demand Draft	RTGS	IFSC	SWIFT	IFSC
Citiband India's Euro account with Deutsche Bank Germany is called ______Account of Citibank	Vostro	Loro	Nostro	Escrow	Vostro
What is Mandatatorily required to remit money through NEFT or RTGS ?	IFSC	MICR code	SWIFT code	Internet ID & PIN	IFSC
SWIFT is :	Society for Wholesale International Funds Transfer	Secured Worldwide International Funds Transfer	Society for Worldwide Interbank Financial Telecommunication	Standard Worldwide Interbank Funds Transmission	Society for Worldwide Interbank Financial Telecommunication
Which statement is NOT correct about ECS?	It is used for respectitive and bulk transaction such as salary payments / utility bills	MICR code is required to identify Bank and branches for debit and credit of accounts	Bank involved for effecting the bulk debit / credits is called the Sponsor Bank	Funds transfer through ECS is real time and gross settlement	MICR code is required to identify Bank and branches for debit and credit of accounts
MIRROR account is maintained in ____________country for reconciliation for every NOSTRO account	home	outside	neighbouring	foreign	home

Which feature is not applicable for RTGS:	Financial transactions are setting real time	Each transaction is settled individually	IFSC code is required for identification of Institution and Branch	Routing of transaction through RBI not required	Routing of transaction through RBI not required
An account type used in cases of Initial Public Offering (IPO) is	EEFC	Loan	Current Account	Escrow	Escrow
There are __________variants if	3	4	2	5	2
NECS					
_____________is an order of payment through which dividend are paid off	NECS	ECS	Dividend warrant	Tax	Dividend warrant
The bank where payee has an account is________	paying bank	confirming bank	advisory bank	corresponding bank	paying bank
Which of the following is not a messaging system?	TELEX	SWIFT	ATM	GCN	ATM
_____________codes are known to be as business identifier codes	SWIFT	RTGS	IFSC	NEFT	SWIFT
________account is an account opened by businessmen who have a large number of transactions with the bank on a daily basis	savings	fixed	NRI	current	current
Businesses that exchange currency, money orders for their customers are called _________	money service businesses	transfer business	broking business	innovative business	money service businesses
The office where the business which is as same as head office	project office	branch office	laison office	foreign office	branch office
________________is the first common medium for international communication	TELEX	SWIFT	ATM	GCN	TELEX
Messages are exchanged in asecured manner keeping in mind data ________________	confidentiality	authenticity	movement	transfer	confidentiality

Through SWIFT details can be exchanged using specially designed messages known as__________	message types	message tail	main type	master	message types
__________are persons on whose behalf the account is maintained	beneficial owner	trustee	PoA	Government	beneficial owner
___________is the risk of financial loss due to manual or technical mistake	Liquidity risk	credit risk	operational risk	settlement risk	operational risk
This type of risk occurs due to	Liquidity risk	credit risk	operational risk	settlement risk	settlement risk
deferred net settlement , all payments are settled after a delay					
A NOSTRO account is our account in a ________country	same	different	neighbouring	foreign	different
_________risk shows the failure to meet the payment requirement at the time of settlement	Liquidity risk	credit risk	operational risk	settlement risk	credit risk
International trade also includes the exchange of _____________	services	people	communication	luggage	services
The risk that a change in the prices of production inputs will adversely impact the manufacturer.	Liquidity risk	Forex risk	**Commodity Price risk**	Interest rate risk	**Commodity Price risk**
Trade can be classified as _______and international.	National	**domestic**	official	Monetary	**domestic**
_______is a written undertaking given by a bank	**Letter of credit**	Promissory note	Memo	Contract	**Letter of credit**
________is a receipt given by the shipping company to the shipper for goods accepted for carriage by sea.	**Bill of lading**	Letter of credit	Airway bill	Promissory note	**Bill of lading**
_________states that the goods are manufactured in a particular country.	The bill	**Certificate of origin**	Inspection certificate	Quality certificate	**Certificate of origin**

Ginnie Mae was formed in_______.	**1968**	1972	1950	1982	**1968**
CIBIL is for________	**Credit Information**	Customer Information	Company	Central Investigation	**Credit Information**
Which of the following is not a way of transferring money?	Demand Draft	RTGS	**IFSC**	SWIFT	**IFSC**
Which of the following is not a high risk customer?	Politician	Travel Agent	Arms Dealer	**Salaried person**	**Salaried person**
_________is a mechanism to transfer messages.	ISIN	BCP	**SWIFT**	IFSC	**SWIFT**
___________is an international trade block which has built a	European Union	APEC	ASEAN	SAARC	European Union
single Europe market and single currency- Euro					
Converting illegal money which is earned through illegal sources into clean money is called as_________	lawful activity	laundering	**laison office**	money making	laundering
____________has a set of standardised anti-laundering guidelines	FATF	OFAC	APEC	ASEAN	FATF
_________is the most critical process and assuming of risk, if borrower can be given a loan	procressing	underwriting	**consigning**	mortgaging	underwriting
________are the first point of contact for the home buyer who is in need of finance	companies	banks	original lender	unofficial persons	original lender
_______application is complete with proper disclosure by borrowers	KYC	loan	**demat**	income	loan
___major documents provide the monthly and annual outflow of the borrower	3	2	5	4	2
______provides details of current outstanding debts and repayment history	bank statements	receipts	invoice	credit score	credit score

__________is a person who agrees to sign a loan and has equal liability as the primary borrower	entrepreneur	union leader	consignor	employer	consignor
_________is legally liable for loan repayment	lender	underwriter	consignor	borrower	borrower
________is an entitlement programme for veterans	Veteran's Administration	Ginnie Mae	Freddie Mac	FHA	Veteran's Administration
NEFT timing is from _____to________	8am to 5pm	6am to 11pm	8am to 7 pm	2 am to 12 pm	8am to 7 pm
RTGS timing is from______to	9am to 4:30pm	9am to 5pm	9am to 4pm	8am to 4pm	9am to 4:30pm
RTGS refers to_____________	Rest time Good Settlement	Real Time Gross Settlement	Real Time Great Settlement	Rush Time Gift Settlement	Real Time Gross Settlement
_________is the co signor to the loan with liability to pay in case the borrower defaults	Investor	Consignor	Guarantor	borrower	Guarantor
____is generally an individual who generally works on a fee or commission basis between the home buyer and lender	agent	broker	communicator	messenger	broker
_________is a legal document wherein borrower makes an unconditional promise in writing	Bill of lading	bill of exchange	promissory note	deed	promissory note
There are ____major GSEs	2	5	4	3	3
_________are private organisations with government charter and backing	Mortgages	GSEs	Trusts	ARMs	GSEs
When borrower takes refinance from a ____lender it is called off-us refinance	same	different	neighbouring	foreign	different
When borrower takes refinance from a ____lender it is called on-us refinance	same	different	neighbouring	foreign	same

________insurance is also known as homeowners insurance	hazard	flood	mortgage	theft	hazard
The units of a _________muthual fund scheme are issued only at the time of the New Fund Offer	open ended	closed ended	growth	Bond	closed ended

Unit 5	option A	option B	option C	option D	Answers
________states that the goods are manufactured in a particular country.	The bill	Certificate of origin	Inspection certificate	Quality certificate	Certificate of origin
Trade can be classified as _______and international.	National	domestic	official	Monetary	domestic
_______is a written undertaking given by a bank	Letter of credit	Promissory note	Memo	Contract	Letter of credit
________is a receipt given by the shipping company to the shipper for goods accepted for carriage by sea.	Bill of lading	Letter of credit	Airway bill	Promissory note	Bill of lading
International trade also includes exchange of ________	Services	Proof	Communication	documents	Services
A doucumentary collection where buyer has to make the payments at the time of taking delivery of doucuments is known as:	Doucument against Acceptance	payment	Documents agents Payments	Deferred Payments	Doucument against Acceptance
_____doucument provides coverage for loss/damage of goods or other risks, as specified	Insurance	Packing List	Invoice	None of these	Insurance
Receipt given by shipping company to shipper for goods accepted for carriage by sea is called as :	Commercial invoice	Certificate of Orign	Bill of entry	Bill of Lading	Bill of Lading
Bill of Lading can be also be treated as Doucument of _______ to Goods and is issued in a set of multiple originals	title	proof	warrant	evidence	title
When a bank other than issuing bank provides additional undertaking to LC, such bank is called	Advising bank	Issuing bank	Confiriming bank	Seller's bank	Confiriming bank

Which one is not a Commercial Document ?	Inspection certificate	Packing List	Bill of Lading	Draft	Draft
Which ICC rules / publicationsare involved in Doucmentary Credit?	Uniform Customs & Practice 600	Uniform Rulews for Collection	International Standard Banking Practice	None of the above	Uniform Customs & Practice 600
________risk arises due to deferred net settlement, payment is settled after a delay	Credit risk	settlement risk	operational risk	liquidity	settlement risk
_____________is a risk of financial loss due to manual or technical mistake	Credit risk	settlement risk	operational risk	liquidity	operational risk
The method by which goods are shipped from one place to another is called	mode of transport	way of movement	loading	packing	mode of transport
_______has a standardized set of anti laundering guidelines	FATF	NCCT	OFAC	Al- Quaida	FATF
__________is a person who represents the buyer or seller overseas	Agent	Banker	Transporter	Manufacturer	Agent
Non payment for the goods sold by buyer to seller is an example of _______risk	Credit risk	settlement risk	operational risk	liquidity	Credit risk
The risk associated with change in price is	exchange risk	Credit risk	settlement risk	operational risk	exchange risk
There are ______basic types of collection	3	4	5	2	2
A clean collection is a collection of financial instruments not accompanied by ________	documents	proof	securities	evidence	documents
____________collection involves collection of documents whether or not accompanied by financial instruments	clean	documentary	total	partial	documentary

A commercial document is any document other than a ________document	official	initial	financial	clean	financial
__________is the party who is the initiator of the collection process	agent	principal	bank	company	principal
The bank which advices the letter of credit to the beneficiary	issuing	advising bank	beneficiary bank	remitti	advising bank
___________is the bank which adds its confirmation to the letter of credit at the request of the issuing bank	negotiating bank	confirming bank	advising bank	beneficiary bank	confirming bank
Under ____LC if no specific bank is nominated in the letter of credit , any bank can negotiate the documents	restricted	unrestricted	sight	term	unrestricted
The latest revision of UCP is _______	UCP 600	UCP 300	UCP025	UCP 250	UCP 600
__________LC is a documentary credit that permits the negotiation of documents against a warehouse receipt	revolving	restricted	green clause	back to back	green clause
___________LC is used between buyers and sellers who have a long standing trading relationship in shipment of goods	revolving	restricted	green clause	back to back	revolving
Under ______LC the advising bank is authorised by the issuing bank to pay a sum of money to the beneficiary of credit for raw materials	revolving	restricted	green clause	red clause	red clause
A credit which is available for negotiation only with a specified nominated bank is called a ______credit	revolving	restricted	green clause	back to back	restricted

The person to whom the bill of exchange is addressed is the	payee	payer	drawer	drawee	drawee
The person who makes or signs the bill of exchange is the_______	payee	payer	drawer	drawee	drawer
Bill of exchanges are usually drawn in sets of ________	3	4	5	2	2
Among the two original bill of exchanges, when one of the bill of exchanges is paid the other one becomes__________	void	voidable	valid	transferrable	void
Bill of exchange where payment is to be paid immediately is_______	sight	original	after sight	fixed date	sight
Bill of exchange where payment is demanded after certain days from sight_______	sight	original	after sight	fixed date	after sight
Where the due date can be ascertained from the face of a bill of exchange	sight	original	after sight	fixed date	fixed date
A________is issued by a seller to a buyer indicating the goods or services sold along with quantity and agreed price	Commercial invoice	bill of lading	Airway bill	warehouse receipt	Commercial invoice
A bill of lading is a contract of __________	carraige	sale	transfer	ship	carraige
The certificate of origin is prepared by the ________	importer	exporter	consignor	drawer	exporter
Inspection companies such as SGS, Bureau Vistas, Intertek International show the result of________of the goods	weight	Packing List	inspection	sales	inspection

____________certificate ensures the goods are free from insecticides and sterilised before packing and shipping	Inspection certificate	fumigation certificate	certificate of origin	phytosanitar y	fumigation certificate
__________certificates are issued to satisfy import regulations of some countries	Inspection certificate	fumigation certificate	certificate of origin	phytosanitar y	phytosanitary
____________certificate provides the contents of goods	analysis	fumigation certificate	certificate of origin	phytosanitar y	analysis
A guarantee is a _________undertaking given by an issuing bank on behalf of itscustomers	revocable	irrevocable	issuable	transferrable	irrevocable
_______date of the bank guarantee is the last date by which the beneficiary can present a valid claim to the bank	due	last	expiry	maturity	expiry
_________this type of guarantee is used to cover the non-payment of a debt arising under a transaction over a period of time	advance	retention	financial	customs	financial
If some percent of the contractt value is paid after sometime it is called ________guarantee	retention money	advance	retention	financial	retention money
Customs authorities accept customs duty guarantee in place of payment of________duty	import	export	customs	excise	import
The guarantee is amended at the request of the applicant by the _______bank	issuing	advising bank	beneficiary bank	remitti	issuing
UCP 600 is in effect from_________	31-07-07	30-04-05	25-06-17	23-03-15	31-07-07
UCP 600 has _____arcticles	23	25	39	40	39

___________is intended to be the standard reference for standby letters of credit	ISP98	ISPN	ISP100	ISP5	ISP98
A group of lenders agreeing to come together to fund a loan is called	secured loan	unsecured loan	syndicated loan	supply chain finance	syndicated loan
Under a syndicated agreement one bank is appointed as a _______bank who will perform the duties on behalf of other banks	lead	state	head	advising	lead
The laws and rules that govern import and export are called trade_____	compliance	finance	rules	ideas	compliance
____________are single point of contact for customers and are accessible on phone and email	CO's	PO's	SO's	MO's	CO's
International Chamber of commerce is the governing body for framing rules and regulations for trade______	registration	conduct	compliance	finance	conduct