



Chapter-8 Digital Financial Tools and Application (English Version)

Q.1:- What is the RTGS system?

Answer:-

RTGS stands for Real Time Gross Settlement. It is a funds transfer mechanism where transfer of money takes place from one bank to another on a real time and on a gross basis. This is the fastest possible money transfer system through the banking channel. The minimum amount to be remitted through RTGS is Rs. 2 Lakhs. There is no top limit for RTGS transactions.

Q.2:- What is a credit card and a debit card?

Answer:-

Credit Card is a payment method that financial institutions or banks provide to customers so that they can use it to pay for goods and services without actual payment at the time of purchase. There will be a credit limit set for each customer based on their financial history. Customers can use credit cards to buy goods and plan to repay to the bank at a later time. Interest is not taken from customer if repayment is done before the due date. High interest rate if we miss to repay the amount before the due date. On contrary, debit cards usually help

people to access only the balance available in their accounts. Debit cards draw money directly from your account when we make the purchase.

Q.3:- What is the difference between NEFT and RTGS?

Answer:-

Fund transfer transactions are settled in batches for NEFT, while individual settlements are done in RTGS. Hence, RTGS is a faster method compared to NEFT.

Q.4:- What is online banking?

Answer:-

Nothing but anywhere banking. A customer can operate his account from any branch of a particular bank.

Q.5:- What is IFSC?

Answer:-

IFSC (Indian Financial System Code) is an alpha-numeric code that uniquely identifies a bank branch participating in the NEFT system. This is an 11-digit code. IFSC is used by the NEFT system to identify the originating/destination banks/branches and also to route the messages appropriately to the concerned banks/branches.

Q.6:- What is the time taken for effecting funds transfer from one account to another under RTGS?

Answer:-

Under normal circumstances, the beneficiary branches are expected to receive the funds in real time as soon as funds are

transferred by the remitting bank. The beneficiary bank has to credit the beneficiary's account within two hours of receiving the funds transfer message.

Q.7:- How is RTS different from Electronic Fund Transfer System or National Electronics Funds Transfer System?

Answer:-

EFT and NEFT are electronic fund Transfer modes that operate on a deferred net settlement basis which settles transactions in batches. In DNS, the settlement takes place at a particular point of time. All transactions are held up till that time. For example, NEFT settlement takes place 6 times a day during the weekdays (09.30 am, 10.30 am and 12.00 noons).

Q.8:- Define IMPS.

Answer:-

IMPS stands for Immediate Payment service. National Payments Corporations of India introduced the IMPS facility in November 2010 under the National Financial Switch (NFS) Network. Under IMPS, funds can be transferred instantly, and unlike NEFT and RTGS, transactions through IMPS are available 24X7 (even on holidays). The Mobile banking service of the bank should be approved by RBI in order for them to be eligible for IMPS.

Q.9:- What is UPI?

Answer:-

The Unified Payment Interface can be thought of like an e-mail Id for your money. It will be a unique identifier that your bank uses

to transfer money and make payments using the IMPS. IMPS are faster than NEFT and let you transfer money immediately. This means that the online payments will become much easier without requiring a digital wallet or credit or debit card.

Q.10:- Who is behind UPI?

Answer:-

Unified Payment Interface is an initiative by National Payments Corporation of India, with the support of the Reserve Bank of India and Indian Bank Association. The NPCI operates the Rupay payments infrastructure that- Like Visa and Master Card – Allows different banks to interconnect and transfer funds.

Q.11:- What is Aadhaar-Enabled Payment System?

Answer:-

AePS is a banking system that motivates a customer to use Aadhaar as his/her identity to access his/her respective Aadhaar-enabled bank account and can perform basic banking transactions like cash deposit, balance enquiry, cash withdrawal and remittance at a low-cost access devices called Micro-ATMs.

Q.12:- What is a QR Code?

Answer:-

QR is short for Quick Response. They can be ready quickly being a cell phone. The data contained by a QR code can be anything from a simple text to email addresses, phone numbers and so on.

QR Codes store data using patterns of black dots and white spaces, arranged in a square grid. These patterns can be scanned and

translated into human-readable information with the help of an imaging device, like a camera or a scanner.

Q.13:- What are QR codes used for?

Answer:-

As they can store different types of information, QR codes are used for many purposes. QR codes are used for holding data such as:

- Simple text: Welcome messages at conferences.
- URLs: Addresses of websites or specific web page.
- Online accounts authentication: Websites can display a QR code which a registered user can scan with his or her Smartphone and automatically login.
- Payments: QR codes store information about our bank account or credit card.

Q. 14:- What is USSD and how does it work?

Answer:-

USSD is short for Unstructured Supplementary Service Data. It is a protocol used by GSM communication with their service provider's computers. USSD can be used for WAP browsing, prepaid call-back service, mobile money service, location-based content services, and menu-based information services on the network. USSD messages can be up to 182 characters long, and they create a real-time communication between the phone and another device.

Your USSD gateway sends the request to your USSD Application, and then responds to the request, and USSD gateway goes ahead and displays our content to the user.

1. User enters a predetermined short code into phone (for example, 1097233#).
2. Phone sends it to the MNO.
3. Received by a MNO computer dedicated to USSD.
4. Answer from computer is sent back to the phone (displayed on screen).
5. The entire process takes a few seconds.

Q.15:- What is Point of Sale?

Answer:-

Point of Sale, a piece of a point of purchase, refers to the place where a customer executes the payment for goods or services and where sales taxes may become payable. It can be in a physical store, where POS terminals and systems are used to process card payments or a virtual sales point such as a computer or mobile electronic device. For example, department stores often have POS for individual product groups, such as appliances, electronics and apparel; the designated staff can actively promote products and guide consumers through purchase decisions rather than simply processing transactions.