

List of Important Banking Terminology (IBPS PO Mains Special)

ATM (Automatic Teller Machines):

They are machines that dispense cash, receive cash, accept cheques, and give balance details and mini statements to the customers through Computer network

Bancassurance:

It is the distribution of insurance products and the insurance policies of insurance companies by banks as corporate agents through their branches. Banks charge a fee for this service from insurance companies

Bouncing of a cheque:

When an account has insufficient funds the cheque is not payable and is returned by the bank with a reason "Exceeds arrangement" or "funds insufficient".

Bank Account:

It is account of nominal interest which can only be used for personal purpose and which has some restrictions on withdrawal

Bank Rate:

It is the rate of interest charged by a central bank to commercial banks on the advances and the loans it extends.

Base rate:

It is the rate of interest on which banks base their lending rates. Usually loans are given at a rate higher than the base rates and saving rate is below the base rate

Basis Point:

One-hundredth of 1% point normally used for indicating cost of finance

Call Money:

It is a loan that is made for a very short period of a few days only with a low rate of interest

Cheque:

It is written by an individual to transfer amount between two accounts of the same bank or a different bank and the money is withdrawn from the account.

Core Banking:

It is a general term used to describe the services provided by a group of networked bank branches

Core Banking Solutions (CBS):

In this all the branches of the bank are connected together and the customer can access his/her funds or transactions from any other branch.

CRR (Cash Reverse Ratio):

the amount of funds that a bank keep with the RBI. If the percentage of CRR increases then the amount with the bank comes down.

Current Account:

It is an account that can be opened generally for business purposes with no restrictions on withdrawals and no interest paid

Debit Card:

It is a card issued by the bank so the customers can withdraw their money from their account electronically.

Demat Account:

The way in which a bank keeps money in a deposit account in the same way the Depository Company converts share certificates into electronic form and keep them in a Demat account.

Dishonour of Cheque:

Non-payment of a cheque by the paying banker with a return memo giving reasons for the non-payment

E-Banking:

It is a type of banking in which we can conduct financial transactions electronically. RTGS, Credit cards, Debit cards etc come under this category.

EFT – (Electronic Fund Transfer):

In this we use Automatic teller machine, wire transfer and computers to move funds between different accounts in different or same bank.

Fiscal Deficit:

It is the amount of Funds borrowed by the government to meet the expenditures.

Inflation:

It is an increase in the quantity of money in circulation without any corresponding increase in goods thus leading to an abnormal rise in the price level

Initial Public Offering (IPO):

It is the time when a company makes the first offering of the shares to the public.

Kiosk Banking:

Doing banking from a cubicle from which food, newspapers, tickets, etc are also sold

Leverage Ratio:

It is a financial ratio which gives us an idea or a measure of a company's ability to meet its financial losses.

Liquidity:

It is the ability of converting an investment quickly into cash with no loss in value.

Market Capitalization:

The product of the share price and number of the company's outstanding ordinary shares.

Mortgage:

It is a kind of security which one offers for taking an advance or loan from someone.

Mutual Fund:

These are investment schemes. It pools money from various investors in order to purchase securities.

Monetary Policy:

it refers to the Central Government policy with respect to the quantity of money in the economy, the rate of interest and the exchange rate

Non-bank ATM / White labeled ATM:

An ATM or cash machine that does not prominently display a bank's name or logo. A fee will be charged for cash withdrawals in these ATMs and they don't accept deposits

Non-performing Assets (NPAs):

NPA or non-performing loans are loans given by a bank on which repayments or interest payments are not being made on time

Permanent Account Number (PAN):

PAN is a number issued by the Income Tax Department to their tax payers.

Plastic Money:

Plastic money is a name given to Credit cards, Debit cards, ATM cards and International Cards issued by banks

Point of Sale (PoS):

PoS refers to a location at which a payment of a card transaction occurs

Prime Lending Rate (PLR):

Rate of interest at which a bank gives loan to its most reliable customer i.e., customer with 'zero risk'

Pass Book:

It is a book where all the bank transactions are recorded. They are mainly issued to Current or Savings Bank account holders.

Repo Rate:

Commercial banks borrow funds by the RBI if there is any shortage in the form of rupees. If this rate increases it becomes expensive to borrow money from RBI and vice versa.

Reverse Repo Rate:

It is the exact opposite of repo rate. It is the rate at which RBI borrows money from banks when it feels there is too much money floating in the banking system

Special Drawing Rights (SDR):

It is a reserve asset (Paper Gold) created within the framework of the International Monetary Fund in an attempt to increase international liquidity

SLR (Statutory Liquidity Ratio):

It is amount that a commercial bank should have before giving credits to its customers which should be either in the form of gold, money or bonds.

Teller:

He/she is a staff member of the bank who cashes cheques, accepts deposits and perform different banking services for the general mass.

Universal Banking:

When financial institutions and banks undertake activities related to banking like investment, issue of debit and credit card etc then it is known as universal banking.

Virtual Banking:

Internet banking is sometimes known as virtual banking. It is called so because it has no bricks and boundaries. It is controlled by the World Wide Web.

Wholesale Banking:

It is similar to retail banking with a slight difference that it mainly focuses on the financial needs of the institutional clients and the industry.

Zero Coupon Bond:

It is a bond that is sold at good discount as it has no coupon.