

**ISQ Examination - Summer-2013
Branch Banking - Stage- I**

Q. Mentioned below are some key features of Basic Banking Account. Identify whether they are TRUE or FALSE:

(Answer)

i	The initial deposit to open a BBA is Rs.1,000/-.	
ii	There is a minimum balance requirement although no service charges are to be paid by the customer.	
iii	Tax/withholding tax can be removed as per law of the land on profit disbursed.	
iv	Profit is paid into the account	
v	If an account remains Nil for a continuous period of 6 months, the bank has the right to close it.	
vi	Maximum two deposits and two cheque withdrawals are allowed free of charge in a month.	
vii	Banks allow limited free of charge ATM withdrawals from the bank's own ATMs.	
viii	In case of withdrawal from any other banks' ATM, charges will be recovered from the other bank.	
ix	A customer cannot convert a regular banking account into a BBA upon request.	
x	There is NO bar in opening a joint BBA.	

Q. A. Describe the key features of a 'Politically Exposed Person' (PEP). Give FOUR examples of PEP.

Q. B. Give at least FIVE reasons why enhanced due diligence is applied to PEPs while opening of their accounts?

Q. A. What is money laundering?

Q. B. Explain any THREE ways in which money laundering may be done.

- Q. Define the following:
 - A. Pay Order
 - B. Demand Draft
 - C. Requirements for cancellation of a Pay Order

- Q. A. What is the purpose of compliance?
- Q. B. What is the optimal organizational structure of the compliance function?
Within a bank, at what different levels is compliance practised?

- Q. Define the following:
 - A. Customer
 - B. Banker
 - C. Unclaimed Deposits
 - D. Fiduciary responsibility of a banker
 - E. Duty of confidentiality

- Q. State any FIVE legal rights that a banker has while operating customers' accounts?

- Q. A. What is meant by endorsement?
- Q. B. Explain any FOUR types of endorsements?
- Q. Explain any FIVE differences between a cheque and a bill of exchange.
