

Roll No



# PRESIDENCY UNIVERSITY

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956  
Approved by AICTE, New Delhi | Approved By BCI  
Bengaluru

## Even Semester Mid Term, March 2026

Date: 13/03/2026

Time: 09:30 AM - 11:00 AM

Course Code: CBS1020

Course Name: Introduction to Banking

Semester: Second Semester

Max. Marks: 50

Weightage: 50%

CO - Levels

CO1

CO2

Marks

46

44

### PART-A: Answer Following Questions. 10 M

Qn.No	Questions	M	CO	BT
1	To manage short-term liquidity in the banking system, the central bank allows commercial banks to park their surplus funds with it for a specified period; what is this measure called?	2	CO1	BT2
2	Banks may operate through a single office or through a network of branches spread across different regions; write two differences between Unit Banking and Branch Banking.	2	CO1	BT2
3	Even financially sound businesses may experience temporary cash flow shortages during operations, one of the solutions is an overdraft facility. What is an overdraft facility?	2	CO1	BT1
4	Large companies planning to raise capital from the public often require professional assistance and approach merchant bankers. Define Merchant Banking?	2	CO2	BT1
5	To prevent money laundering and ensure customer authenticity, banks follow a structured verification process while opening accounts; In this context, what are the components of KYC?	2	CO2	BT2

### PART-B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT
6	Due to rising inflation and excess liquidity in the economy, the central bank decided to take corrective measures. It increased the policy interest rates, raised the cash reserve requirement for commercial banks, and sold government securities in the	10	CO1	BT2

	open market. These steps were taken to reduce the overall money supply and control credit expansion in the economy. Discuss the quantitative credit control measures used by the central bank in the above case.			
7	ABC Bank operates branches across the country. At one branch, it provides savings accounts, personal loans, home loans, and debit cards to individual customers. At the same time, its corporate banking division offers large-term loans, cash management services, and foreign exchange facilities to big companies and institutions. The bank maintains separate teams to handle these different categories of clients due to the nature and size of their financial needs. Differentiate between Retail Banking and Wholesale Banking with reference to the above case.	10	CO1	BT2

**PART-C: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
8	A commercial bank noticed that a large number of customers were maintaining balances in savings accounts and current accounts rather than fixed deposits. The bank encouraged more individuals and small businesses to open such accounts by offering easy access to funds, digital banking facilities, and minimal charges. This helped the bank maintain a stable source of low-cost funds and improve its overall profitability. Make a use of concept CASA and explain its importance for banks.	10	CO1	BT3
9	Lakshmi maintains an account with a commercial bank. The bank collects dividends on her shares, pays her insurance premium on due dates, and transfers funds on her instructions. It also provides her with a locker facility to store valuable documents and offers online banking services for easy transactions. Explain the secondary functions of banks highlighted in the above case.	10	CO1	BT3

**PART-D: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
10	XYZ Ltd., a growing manufacturing company, planned to expand its operations by setting up a new plant. To raise funds from the public, the company decided to issue shares. However, it lacked expertise in handling legal formalities, preparing the prospectus, pricing the issue, and coordinating with regulatory authorities. Therefore, it appointed a specialized financial institution to manage the entire issue process. Demonstrate the role of merchant banking in the above case.	10	CO2	BT3
11	When Priya visited a bank to open a savings account, the bank official asked her to submit her Aadhaar card, PAN card,	10	CO2	BT3

recent photographs, and proof of address. The bank also verified her details and recorded her mobile number and email ID. Later, the bank monitored her transactions to ensure that they were consistent with her declared profile. Discuss the importance of Know Your Customer (KYC) procedures in the above case.

**PART-E: Answer Any 1 Following Questions. 10 M**

<b>Qn.No</b>	<b>Questions</b>	<b>M</b>	<b>CO</b>	<b>BT</b>
12	Rahul needed to transfer ₹15,000 to his friend urgently on a Sunday evening, so he used his bank's mobile app to send the money instantly. The next week, his company transferred ₹8 lakh to a supplier for machinery purchase using an online banking facility meant for high-value transactions. Later, Rahul scheduled a transfer of ₹50,000 to his landlord through another electronic system that processes transactions in batches at regular intervals during working hours. Explain the Electronic Fund Transfer systems highlighted in the above case.	10	CO2	BT3
13	Anita regularly uses her smartphone to pay for groceries, electricity bills, and cab services. Instead of entering bank details every time, she simply scans a QR code or enters the recipient's mobile number and authorizes the payment using a PIN. Explain UPI and its key features highlighted in the above case.	10	CO2	BT3