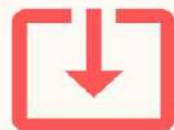


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# Important Banking & Financial Terms for Banking & Insurance Exams



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<b>Abbreviation</b>	<b>Expansion &amp; Explanation</b>
ABS	Asset-Backed Securities offer investors a way to invest in a diversified group of income-producing assets. They also give lenders a way to obtain cash for further lending.
ATM	An Automated Teller Machine is an electronic telecommunications device that enables customers of financial institutions to get their miscellaneous work done (for eg. withdrawing cash, transferring funds etc.) without contacting bank staff.
NPCI	National Payments Corporation of India is an umbrella organization for operating retail payments and settlement systems in India.
SDRs	Special Drawing Rights are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund.
BSBDA	Basic Savings Bank Deposit Account is a saving bank account where money transfer and savings can be availed with a simplified KYC norm. An account can be started and maintained with nil balance.
CAMELS	Camels rating is a supervisory rating system to classify a bank's overall condition. The different letters stand for different terms are: C: Capital Adequacy, A: Assets, M: Management Capability, E: Earnings, L: Liquidity, S: Sensitivity
CD	A Certificate of Deposit is a promissory note issued by a bank with a maturity date, fixed interest rate and

	can be issued in any denomination. It restricts holders from withdrawing funds on demand.
AMC	An Asset Management Company invests its clients' pooled funds into securities that match declared financial objective. These companies provide investors with more diversification and investing options.
EOS	EOS is a blockchain based, decentralized system that enables the development, hosting, and execution of commercial-scale decentralized applications (dApps) on its platform.
MSS	Market Stabilization Scheme is a monetary policy intervention by RBI to withdraw excess liquidity by selling government securities in the economy.
LC	A Letter of Credit is a letter from a bank guaranteeing that a buyer's payment to a seller will be correctly received on time. The bank is required to cover the amount if the buyer defaults on payment.
SENSEX	It's the stock market index of BSE. The full form is Sensitive Index.
NAV	Net Asset Value is the value per share of a mutual/exchange-traded fund. It is computed once per day based on the closing market price of securities involved.
BCTT	Banking Cash Transaction Tax is a tax on cash withdrawals which exceeds the specified amount in a single day.
NBFCs	A Non Banking Financial Company is a company which is engaged in the business of loans and advances, acquisition of shares, stocks bonds, hire-purchase

	insurance business or chit-fund business. It doesn't include any institution whose principal business includes agriculture, industrial activity or the sale, purchase or construction of immovable property.
SIDBI	Small Industries Development Bank of India's purpose is to provide refinance facilities and short term lending to industries, and serves as the principal financial institution in the MSME sector.
CRR	Cash Reserve Ratio is the minimum fraction of total deposits of a bank's customers that banks have to hold as reserves with the central bank.
ECOA	The Equal Credit Opportunity Act is a U.S. government regulation that aims to give all legal individuals an equal opportunity to apply for loans from financial and other loan granting organizations.
IBA	Indian Banks' Association is an association of Indian banks and financial institutions based in Mumbai to develop, coordinate and strengthen Indian banking.
FRNs	Floating Rate Notes are bonds having a variable coupon equal to a money market reference rate, plus a quoted spread (which remains constant). Generally, FRNs pay out interest every three months.

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BCBS	The Basel Committee on Banking Supervision is a committee of banking supervisory authorities. It was established by the central bank governors of the group of ten countries in 1974. These 10 countries are
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	Australia, Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, United Kingdom, and the United States.
CC	Cash credit is a facility to withdraw money from a current bank account without having a credit balance but the withdrawal limit is set by the commercial bank.
GAAR	General Anti-Avoidance Rule allows tax officials to deny tax benefits in case a deal is found without any commercial purpose other than tax avoidance.
GNP	Gross National Product is the value of all finished goods and services produced in a country by its nationals. It's different from GDP in the sense that GNP also includes the elements of foreign income by domestic citizens.
CSO	The Central Statistics Office is a governmental agency in India under the Ministry of Statistics and Programme Implementation, responsible for the coordination of statistical activities in India, and evolving and maintaining statistical standards.
IFSC	Indian Financial System Code is an eleven digit alphanumeric combination to transfer funds online for NEFT, IMPS, and RTGS.
SCB	State Cooperative Banks in India are registered under the Co-operative Societies Act and are regulated by the RBI.
ACH/ NACHA	An Automated Clearing House is an electronic funds-transfer system run by the National Automated Clearing House Association.

ALM	Asset Liability Management refers to efforts by a bank's board and senior management to carefully balance the bank's current and long-term potential earnings with the need to maintain adequate liquidity and appropriate interest rate risk exposures.
CAR	Capital Adequacy Ratio is a measure of a bank's available capital ex
XD	Ex-Dividend comes into the picture when a declared dividend is owned by the seller rather than the buyer.
CAG	Comptroller and Auditor General of India is an authority to audit all receipts and expenditure of central and state government and their respective bodies.
NIFTY	National Stock Exchange Fifty is the broad index of NSE comprising of 51 stocks.
IMPS	Immediate Payment Service is an instant payment inter-bank electronic fund transfer system in India.
KYC	Know Your Customer refers to due diligence activities by financial institutions and other companies to ascertain relevant information from their clients.
SLR	Statutory Liquidity Ratio is the ratio of liquid assets to the net demand and time liabilities.
SEBI	The Securities and Exchange Board of India is the regulator for Indian securities market.
EPS	Earnings Per Share is the monetary value of earnings per outstanding share of common stock for a company.



REPO	Repo stands for Repurchase agreement where a seller of a security agrees to buy it back from a buyer at a higher price on a specified date.
ADR	American Depository Receipt refers to the receipts issued by a bank located in America to those people who are interested in buying shares of the company which isn't located in the USA.
GDP	Gross Domestic Product is a monetary total of all the final goods and services produced in a country in a specific period of time.
APY	Atal Pension Yojana is a guaranteed pension scheme of the government of India to provide the security of pension for people in the unorganized sector. This scheme is administered by PFRDA.
MICR	Magnetic Ink Character Recognition is an input technology used mainly by the banking industry to process cheques and other documents efficiently.
CPI	The Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services.
GDI	Gross Domestic Income is the sum of all income earned while producing goods and services within a nation's borders.
ECS	Electronic Clearing Service is an electronic mode of transferring funds from one bank account to another.

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IFC	International Finance Corporation is a sister organization of the World Bank and member of the World Bank Group and is the largest global development institution focused exclusively on the private sector in developing countries.
OD	An Overdraft is the maximum amount of credit extended to a customer.
NABARD	National Bank for Agricultural and Rural Development is set up as an apex development bank with a mandate for facilitating credit flow for promotion and development of agriculture, cottage and village industries.
P/E Ratio	The Price-Earnings Ratio values a company by measuring its current share price relative to its per-share earnings. It is also known as the price multiple or the earnings multiple.
PSB	A Public Sector Bank's majority stake is held by a government. There are total 21 PSBs in India.
HUF A/C	A Hindu Undivided Family is defined under the Hindu Law as a family consisting of all persons linearly descended from a common ancestor. The business of the family is carried out by Karta who is the head of the family.
IPO	An Initial Public Offer is the very first sale of stock issued by a company to public.
DEMAT	Dematerialization is the movement from physical certificates of stock to their electronic counterparts.
APR	An Annual Percentage Rate is the rate charged for borrowing or earned through an investment and is



	expressed as a percentage that represents the actual yearly cost of funds over the term of a loan.
ADB	The Asian Development Bank's function is to accelerate economic and social development in Asia and Pacific region.
IDBI	Industrial Development Bank was one of the development banks in the country specialised in industrial finance which got converted to a commercial bank in the name of IDBI Bank.
BIS	The Bank for International Settlements is an international financial institution owned by central banks which promotes global monetary and financial stability through international cooperation.
RTGS	Real Time Gross Settlement is an electronic form of funds transfer with the fund transfer happening on a real-time basis.
PIN	A Personal Identification Number is a number allocated to a customer to validate electronic transactions.
IBPS	The main function of the Institute of Banking Personnel Selection is to conduct competitive exams for clerical and officers' posts in the banking sector.
FII	A Foreign Institutional Investor is an investor/investment fund registered in a country and investing in another one.
C-D Ratio	Credit-Deposit Ratio is the ratio of how much a bank lends out of the deposits it has mobilized.
NDS/ NDS OM	Negotiated Dealing System is an electronic trading platform operated by the RBI to facilitate the issue

	and exchange of government securities and other types of money market instruments. Negotiated Dealing System-Order Matching System is a screen based electronic anonymous order matching system for secondary market trading in government securities.
NIRP	Negative Interest Rate Policy is a negative central bank target interest rate. That means instead of receiving money on deposits, depositors must pay regularly to keep their money with the bank.
EFT	Electronic Funds Transfer is a system of transferring money from one bank account to another without any physical money coming in the picture.
FEMA	The Foreign Exchange Management Act, 1999 is an act of the Parliament of India to consolidate and amend the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.
WTO	World Trade Organization is an intergovernmental organization that regulates international trade. It is the largest international economic organization in the world.
CRAR	Capital to Risk Weighted Assets Ratio is a standard metric to measure balance sheet strength of banks.
NHB	National Housing Bank is RBI's wholly owned subsidiary focussing on promoting housing finance institutions. It is an apex financial institution for housing finance.

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IRR	The Internal Rate of Return is a metric used in capital budgeting to estimate the profitability of potential investments.
DBOD/DBS	Department of Banking Operations & Development used to supervise functions over commercial banks until the supervisory functions were taken over by the Department of Banking Supervision in 1993.
CCIL	The Clearing Corporation of India is set up to provide guaranteed clearing and settlement functions for transactions in money, G-Secs, foreign exchange and derivatives market.
NEFT	National Electronic Funds Transfer is a system to transfer money via electronic mode from one bank account to another.
IBRD	The International Bank for Reconstruction and Development is an international financial institution offering loans to middle-income developing countries.
CCEA	Cabinet Committee on Economic Affairs has a mandate to review economic trends on a continuous basis, as also the problems and prospects, with a view to evolving a consistent and integrated economic policy framework for the country.
ETF	Exchange-Traded Fund is a marketable security tracking an index, a commodity, bonds, or a basket of assets.

RD	Recurring Deposit is a special term deposit allowing people with regular income to deposit a fixed income every month and earn interest rates applicable to fixed deposits.
DBOD/ DBS	Department of Banking Operations & Development used to supervise functions over commercial banks until the supervisory functions were taken over by the Department of Banking Supervision in 1993.
BoP	Balance of Payments is also known as Balance of International Payments. It is a record of all the transactions of individuals, companies, and govt. bodies of a country and the transactions of individuals, companies and govt. bodies outside the country.
CBS	Core Banking System is a banking service provided by a group of networked bank branches where customers can access their account and perform transactions from any of the branches.
AMFI	The Association of Mutual Funds in India (AMFI) is an industry standards organization in India in the mutual funds sector.
CEPA	A Comprehensive Economic Partnership Agreement is a free trade agreement between two countries.
NPA	A Non-Performing Asset is a credit facility where the interest and/or installment of principal has remained past due for a specified period of time.
RSI	The Relative Strength Index is a technical indicator used to analyse financial markets.

LAF	Liquid Adjustment Facility is a tool to allow banks to borrow money through repurchase agreements. It consists of repo and reverse repo operations.
P-NOTES	Participatory Notes is a financial instrument required by investors who are not registered with SEBI to invest in India securities.
LIBOR/ LIBID	London Interbank Offered Rate is a benchmark rate that some of the leading banks charge each other for short-term loans.
OMO	Open Market Operations refers to the buying and selling of government securities in the open market so as to expand or contract the amount of money in the banking system.
ARM	An Adjustable Rate Mortgage is a mortgage loan with the interest rate on the note periodically adjusted based on an index which reflects the cost to the lender of borrowing on the credit markets.
CII	The Confederation of Indian Industry is a non-government, not-for-profit, industry-led and industry-managed organization which works with the government on policy issues.
FDI	Foreign Direct Investment is the investment made by a firm/individual of one country into businesses located in another country.
MSF	Marginal Standing Facility allows scheduled banks to borrow funds overnight from RBI against approved government securities.
PLR	A Prime Lending Rate is the average rate of interest charged on loans by five major banks.

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SWIFT	The Society for Worldwide Interfinancial Telecommunication provides a network that facilitates financial institutions anywhere in the world to send/receive information about financial transactions in a secure, standardized and reliable environment.
CAD	Current Account Deficit is the result of the value of imported goods and services exceeding the value of exported goods and services.
IMF	The International Monetary Fund is an international organization striving to ensure that the international monetary system remains stable.

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