SMIT SIR COMMERCE

GSEB | ENGLISH MEDIUM

03

Business Services-2

Business Administration / OCM - Class 11

Complete Concept Notes | Simple Explanations | Examples | Exam Preparation

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LEARN THE CONCEPT. UNDERSTAND THE LOGIC. WRITE BETTER ANSWERS.

Premium chapter-wise study notes by Smit Sir Commerce.

Chapter at a Glance

This chapter explains banking services - what a bank means, what functions it performs, the main types of bank accounts, services such as drafts, RTGS, NEFT, overdraft, cash credit and loans, the meaning of E-Banking, and services associated with banks such as ATM, Credit Card and Debit Card.

Textbook Area	What you will master
3.1 Meaning	Meaning of bank
3.2 Functions	Main and subsidiary functions
3.3 Types of Bank Account	Savings, Current, Recurring and Fixed Term Account
3.4 Services Provided by Bank	Drafts, Banker's Cheque, RTGS, NEFT, Overdraft, Cash Credit, Loan
3.5 E-Banking	Internet, Core Banking and Mobile Banking
3.6 Services Associated with Bank	ATM, Credit Card and Debit Card

Chapter Roadmap

1	2	3	4	5	6
Meaning	Functions	Accounts	Bank Services	E-Banking	Cards/ATM

SOURCE ALIGNMENT

These notes follow the official GSEB Std. 11 OCM Chapter 3 sequence and exercise areas. Textbook-specific figures or limits are presented as textbook content for exam study.

After studying this chapter, you will be able to:

- define a bank in simple and academic language;
- classify the functions of a bank into main and subsidiary functions;
- distinguish Savings, Current, Recurring and Fixed Term accounts;
- explain drafts, Banker's Cheque, RTGS, NEFT, overdraft, cash credit and loans;

- explain traditional banking, network-based banking and E-Banking;
- distinguish Internet Banking, Core Banking and Mobile Banking;
- differentiate ATM, Credit Card and Debit Card;
- write GSEB-style short and long answers with correct keywords.

3.1 Meaning of Bank

Textbook idea: A bank is an institution which accepts deposits from people and lends money subject to agreed conditions. It also provides various banking services.

In Simple Words: A bank collects money from people who want to save it and makes money available to people or businesses who need funds. At the same time, it provides payment and other financial services.

KEY TERM - BANK

A financial institution that accepts deposits, lends money and provides banking services.

Easy Classroom Example

Suppose 100 customers keep their savings in a bank. The bank keeps the deposits safely and can use part of those funds, according to banking rules, to provide loans to businesses or individuals. This connects savers with borrowers.

EXAM IMPORTANT

For a one-sentence definition, remember three ideas: Deposits + Lending + Banking Services.

3.2 Functions of Bank

The textbook divides the functions of a bank into two broad groups: Main Functions and Subsidiary Functions.

Main Functions	Subsidiary Functions
Accept / collect deposits	Look after financial transactions of customers
Lend money	Transactions relating to foreign exchange
Invest money	Issue letter of credit
Do inter-banking transactions	Issue traveller's cheque
	Provide draft service
	Provide information related to credit of a person associated with the bank
	Provide service as an underwriter
	Provide other services such as ATM, DEMAT, Safe Deposit Vault etc.

A. Main Functions of Bank

1. To Accept / Collect Deposits

Meaning: Banks accept money deposited by customers.

Simple Explanation: Deposits are a basic source of funds for banks. Different accounts are designed for different customer needs, such as saving, frequent transactions or fixed-period saving.

Example: A salaried person may use a Savings Account, while a business may use a Current Account.

EXAM LINE

Accepting deposits is one of the primary functions of a bank.

2. To Lend Money

Meaning: Banks provide funds to borrowers under agreed terms.

Simple Explanation: The textbook explains that banks use collected deposits to provide finance. Lending may take different forms such as loan, cash credit or overdraft.

Example: A trader may obtain working-capital finance from a bank.

EXAM LINE

Banks perform the important function of lending money to eligible borrowers.

3. To Invest Money

Meaning: Banks invest a part of their funds in suitable financial assets.

Simple Explanation: The purpose is to use funds productively while maintaining safety and liquidity as required. The textbook mentions investment in government securities and other financially capable units.

Example: A bank may invest part of its funds in approved securities.

EXAM LINE

Investment is an important main function through which a bank employs its funds.

4. To Do Inter-Banking Transactions

Meaning: Banks transact with other banks to manage temporary fund shortages or surpluses.

Simple Explanation: According to the textbook, short-duration lending and borrowing between banks helps solve temporary fund requirements. The interest rate on such funds is referred to as the Call Money Rate.

Example: One bank with temporary shortage of funds may borrow from another bank with surplus funds.

EXAM LINE

Inter-banking transactions help banks manage short-term fund requirements.

SMIT SIR'S NOTE

Do not mix up bank lending to customers with inter-banking transactions. The first is bank-to-customer finance; the second is bank-to-bank fund management.

B. Subsidiary Functions of Bank

1. To Look After Financial Transactions of Customers

Meaning: Banks assist customers in making and receiving payments and handling related financial transactions.

Simple Explanation: Banks assist customers in making and receiving payments and handling related financial transactions.

Example: A bank can process payment instructions from a customer.

2. Transactions Associated with Foreign Exchange

Meaning: Banks provide services connected with foreign currencies and import-export business.

Simple Explanation: Banks provide services connected with foreign currencies and import-export business.

Example: An importer may require foreign exchange for payment to an overseas seller.

3. To Issue Letter of Credit

Meaning: A bank may issue a letter of credit as a form of assurance connected with a commercial transaction.

Simple Explanation: A bank may issue a letter of credit as a form of assurance connected with a commercial transaction.

Example: An exporter may rely on a bank-issued letter of credit in an international transaction.

4. To Issue Traveller's Cheque

Meaning: Banks may provide traveller's cheques to reduce the need to carry large amounts of cash while travelling.

Simple Explanation: Banks may provide traveller's cheques to reduce the need to carry large amounts of cash while travelling.

Example: A traveller can use the cheque subject to the relevant rules and verification.

5. Service of Demand Draft

Meaning: A bank issues a draft to transfer a specified amount in favour of a named person.

Simple Explanation: A bank issues a draft to transfer a specified amount in favour of a named person.

Example: A student may use a demand draft where an institution asks for payment through draft.

6. To Provide Financial Information

Meaning: Banks may provide information related to the credit standing of customers or institutions, subject to applicable banking practice.

Simple Explanation: Banks may provide information related to the credit standing of customers or institutions, subject to applicable banking practice.

Example: A business may need a bank reference regarding another business.

7. Service as an Underwriter

Meaning: The textbook lists underwriting as a subsidiary service in which a bank may support issue-related financial activity.

Simple Explanation: The textbook lists underwriting as a subsidiary service in which a bank may support issue-related financial activity.

Example: A company issue may receive underwriting support.

8. Other Related Services

Meaning: Banks also offer services such as ATM, DEMAT and Safe Deposit Vault.

Simple Explanation: Banks also offer services such as ATM, DEMAT and Safe Deposit Vault.

Example: A customer can use an ATM for permitted account operations or a safe deposit vault for valuables.

EXAM IMPORTANT

For a functions question, first write the classification: Main Functions and Subsidiary Functions. Then explain points under separate headings.

3.3 Types of Bank Account

The textbook explains four major deposit accounts: Savings Account, Current Account, Recurring Account and Fixed Term Account.

Account	Main Purpose	Typical Feature
Savings Account	Saving money	Interest is paid; withdrawals are subject to conditions
Current Account	Frequent business transactions	Generally used by business units; overdraft facility may be available
Recurring Account	Regular saving	Fixed amount deposited periodically for a fixed period
Fixed Term Account	Keep lump-sum money for a fixed period	Amount is kept for a fixed duration and earns interest

3.3.1 Savings Account

Meaning: An account mainly meant for people who want to save money.

Simple Explanation: A Savings Account encourages saving. According to the textbook, a minimum balance may need to be maintained, interest is paid, and withdrawal frequency/amount may be subject to limits or conditions.

Example: A teacher deposits salary savings and withdraws money when needed.

EXAM LINE

Savings Account is mainly suitable for saving and earns interest.

3.3.2 Current Account

Meaning: An account mainly designed for frequent deposits and withdrawals, especially for business users.

Simple Explanation: The textbook states that interest is generally not paid on a Current Account, but the account holder may get facilities such as overdraft. It is useful when transactions are frequent.

Example: A shop owner receives customer payments and makes supplier payments daily from a Current Account.

EXAM LINE

Current Account is suitable for frequent business transactions.

3.3.3 Recurring Account

Meaning: An account in which a fixed amount is deposited regularly for a fixed period.

Simple Explanation: It builds saving discipline. Instead of depositing one large amount, the account holder deposits a decided amount at regular intervals.

Example: A student deposits Rs. 1,000 every month for a fixed period.

EXAM LINE

Recurring Account helps a person accumulate savings through regular fixed deposits.

3.3.4 Fixed Term Account

Meaning: An account in which a lump-sum amount is kept with the bank for a fixed period.

Simple Explanation: The amount is deposited for an agreed duration. The textbook states that interest is related to the period and terms of deposit. Early withdrawal can affect the applicable return according to the conditions.

Example: A family deposits Rs. 1,00,000 for one year instead of keeping it in a transaction account.

EXAM LINE

Fixed Term Account is suitable when money can be kept with the bank for a specified period.

Easy Comparison - Four Bank Accounts

Basis	Savings	Current	Recurring	Fixed Term
Main Use	Personal saving	Frequent transactions	Regular saving	Lump-sum fixed-period saving
Deposit Pattern	Flexible	Frequent	Fixed periodic	One-time / lump sum
Interest	Paid as per terms	Generally not paid in textbook description	Paid as per terms	Paid as per terms
Withdrawal	Allowed subject to rules	Frequent	Normally linked to maturity/terms	Normally linked to fixed period
Suitable For	Individuals	Businesses	Regular savers	People with surplus lump sum

EASY WAY TO REMEMBER

S-C-R-F = Save, Conduct business, Repeat deposits, Fix money for a term.

3.4 Services Provided by Bank

Apart from accepting deposits and lending, banks provide several payment and credit services. The textbook specifically explains the following seven services.

3.4.1 To Issue Drafts

Demand Draft

Meaning: A bank-issued payment instrument directing payment of a specified amount to a named person.

Simple Explanation: The customer pays the amount and applicable commission to the bank. The bank then issues the draft in favour of the receiver/payee.

Example: A college asks a student to submit fees by demand draft.

EXAM LINE

A demand draft is issued by a bank after receiving the amount and charges from the purchaser.

3.4.2 Banker's Cheque / Pay Order

Banker's Cheque

Meaning: A bank-issued payment instrument generally used for making a payment, backed by the issuing bank.

Simple Explanation: The textbook treats it as a bank instrument used for payment. It differs from an ordinary personal cheque because it is issued by the bank itself.

Example: A customer requests a banker's cheque for a local institutional payment.

EXAM LINE

A banker's cheque is issued by the bank and is commonly called a pay order.

3.4.3 Real Time Gross Settlement (RTGS)

RTGS

Meaning: A system in which funds are transferred on a real-time and gross basis.

Simple Explanation: Real-time means the transaction is processed as it occurs. Gross means transactions are settled individually rather than being grouped for net settlement. The textbook identifies banks through IFSC for electronic transfer.

Example: A business transfers a large amount to a supplier through RTGS.

EXAM LINE

RTGS means Real Time Gross Settlement and transfers funds transaction by transaction.

TEXTBOOK EXAM NOTE

The chapter states a minimum RTGS amount of Rs. 2 lakh. Treat this as textbook-specific content for this chapter/exam preparation.

3.4.4 National Electronic Fund Transfer (NEFT)

NEFT

Meaning: An electronic fund-transfer system through which money is transferred from one bank account to another.

Simple Explanation: The textbook describes NEFT as a net-settlement system and explains transfer through IFSC-linked bank branches.

Example: A person transfers money electronically from one bank account to another using NEFT.

EXAM LINE

NEFT means National Electronic Fund Transfer.

TEXTBOOK EXAM NOTE

The textbook includes specific NEFT limits/timing statements. Use the textbook wording for board-oriented study unless your teacher/school has given an updated instruction.

RTGS vs NEFT - Core Difference

Basis	RTGS	NEFT
Full Form	Real Time Gross Settlement	National Electronic Fund Transfer
Settlement Idea	Real time; gross transaction-wise settlement	Textbook describes net settlement
Textbook Focus	Used for electronic bank transfer; minimum amount stated in chapter	Electronic transfer through NEFT-member bank branches
Identification	IFSC used	IFSC used

3.4.5 Bank Overdraft

Bank Overdraft

Meaning: A facility that allows an eligible account holder to withdraw more than the available account balance up to a sanctioned limit.

Simple Explanation: It provides short-term flexibility when immediate payment is needed but the current balance is insufficient. The bank sets the limit and terms.

Example: A current-account holder with Rs. 20,000 balance has a sanctioned overdraft limit and can make payment beyond that balance within the approved limit.

EXAM LINE

Overdraft allows withdrawal beyond the available balance up to the bank-sanctioned limit.

3.4.6 Cash Credit

Cash Credit

Meaning: A working-capital finance facility given against suitable security, as explained in the textbook.

Simple Explanation: The business can draw funds up to the sanctioned cash-credit limit. Interest is linked to the amount used and applicable terms.

Example: A manufacturer uses cash credit to finance purchase of raw materials and routine operating needs.

EXAM LINE

Cash credit provides working-capital finance to business within a sanctioned limit.

3.4.7 Loan

Loan

Meaning: A fixed amount of finance provided by the bank for a specified purpose and subject to repayment conditions.

Simple Explanation: The textbook describes loans for purposes such as business, home, vehicle or education. Repayment may be made according to agreed instalments/terms.

Example: A family takes a housing loan and repays it over time.

EXAM LINE

A loan is a specified amount advanced by a bank and repaid according to agreed conditions.

Overdraft vs Cash Credit vs Loan

Basis	Overdraft	Cash Credit	Loan
Nature	Withdraw beyond balance up to limit	Working-capital limit	Specified amount advanced
Typical Use	Short-term liquidity	Business working capital	Defined purpose
Usage	As needed within limit	As needed within sanctioned limit	Loan amount disbursed as agreed
Repayment	As per facility terms	As per facility terms	As per repayment schedule/terms

VERY IMPORTANT DIFFERENCE

Overdraft is linked to drawing beyond account balance; Cash Credit is a working-capital limit; Loan is a specified advance for an agreed purpose.

3.5 E-Banking

Meaning: E-Banking means Electronic Banking. Banking transactions are completed using electronic systems instead of depending only on physical/manual methods.

In Simple Words: When technology and connected computer/mobile systems are used to perform banking activities, it is E-Banking.

How Banking Process Developed - Textbook Flow

Stage	Explanation
1. Traditional Process	Transactions were maintained manually; ledgers and account records were handled physically.
2. Connecting Computers Through Network	Computers within bank branches were connected so data could be shared more efficiently.
3. Use of Internet / Bank Computers	Connected systems allowed information and banking transactions to move electronically.

REMEMBER THIS

Traditional manual banking -> Network-connected computers -> Electronic / Internet-enabled banking.

3.5.1 Internet, Core Banking and Mobile Banking

1. Internet Banking

Meaning: Banking services accessed through the Internet using bank-provided credentials and systems.

Simple Explanation: The customer can perform permitted banking activities electronically instead of visiting the branch for every task. The textbook separates transactions into financial and non-financial categories.

Example: A customer checks account information or transfers money through Internet Banking.

EXAM LINE

Internet Banking allows customers to use banking services through the Internet.

Financial vs Non-Financial Transactions

Type	Meaning	Examples
Financial Transaction	A transaction that changes or transfers money	Transfer/payment transactions
Non-Financial Transaction	A transaction mainly for information/service without direct transfer of money	Account information, cheque-book request, PIN-related request or similar services mentioned in textbook

2. Core Banking

Meaning: A banking system in which branches of the same bank are connected through a centralized network/server.

Simple Explanation: The central database enables customers to use services beyond only the branch where the account was originally opened, subject to system rules. The textbook expands CORE as Centralised Online Realtime Exchange.

Example: A customer of a bank can access permitted services at another branch of the same bank because branches are connected.

EXAM LINE

Core Banking connects branches through a centralized system, enabling anywhere-style banking within the bank network.

3. Mobile Banking

Meaning: Banking services accessed through a mobile phone using mobile connectivity and the bank's system.

Simple Explanation: The customer can perform permitted transactions and service requests using a mobile device, login credentials and network connection.

Example: A customer checks a balance or performs a permitted bank transaction through a mobile banking application.

EXAM LINE

Mobile Banking enables customers to access banking services through a mobile device.

Internet Banking vs Core Banking vs Mobile Banking

Basis	Internet Banking	Core Banking	Mobile Banking
Main Idea	Customer uses Internet to access bank services	Bank branches connected through centralized system	Customer uses mobile device for bank services
Focus	Customer access channel	Bank network architecture	Mobile access channel
Example	Online bank portal	Any branch service within connected bank	Mobile banking app

SMIT SIR'S NOTE

Students often confuse Core Banking with Internet Banking. Core Banking mainly refers to the bank's centralized branch connectivity, while Internet Banking is a customer access method.

3.6 Services Associated with Bank

The textbook separately explains three widely used services associated with banks: ATM, Credit Card and Debit Card.

3.6.1 ATM

ATM - Automated Teller Machine

Meaning: An electronic machine through which customers can perform permitted banking operations using a bank card and authentication.

Simple Explanation: The textbook describes ATM as a service through which customers can withdraw money and use certain banking facilities without depending on a teller for every transaction.

Example: A customer inserts a card, authenticates it and withdraws money from an ATM.

EXAM LINE

ATM stands for Automated Teller Machine.

3.6.2 Credit Card

Credit Card

Meaning: A bank-issued card that allows the cardholder to purchase goods/services on credit within an approved limit.

Simple Explanation: The bank pays the merchant according to the card system and the cardholder later pays the bank as per the billing terms. Spending is not restricted only to the current deposit balance because it uses a sanctioned credit facility.

Example: A person buys a laptop using a credit card and pays the card bill later.

EXAM LINE

A credit card allows purchases on bank-provided credit up to the approved limit.

3.6.3 Debit Card

Debit Card

Meaning: A bank card through which spending is generally made from the customer's available bank balance.

Simple Explanation: When a debit-card transaction is completed, the amount is deducted from the linked bank account, subject to balance and transaction rules.

Example: A customer pays a shop bill with a debit card and the amount is debited from the bank account.

EXAM LINE

Debit card spending is linked to the available balance in the customer's account.

ATM Card / Credit Card / Debit Card - Easy Comparison

Basis	ATM Service/Card	Credit Card	Debit Card
Main Purpose	Access permitted ATM services	Purchase using sanctioned credit	Purchase/withdraw using linked account funds
Source of Money	Linked account	Bank-provided credit limit	Linked account balance
Payment Timing	Account affected when transaction occurs	Card bill payable later as per terms	Account debited at transaction time
Key Memory	Machine access	Buy now, pay bank later	Use your own bank balance

VERY IMPORTANT DIFFERENCE

Credit Card = Bank's credit facility.
Debit Card = Your linked account balance.

How to Write Answers in the Exam

Example 1 - Explain the Functions of Bank

Recommended Structure:

- Start with one-line introduction of bank functions.
- Write two headings: (A) Main Functions and (B) Subsidiary Functions.
- Under Main Functions explain deposits, lending, investment and inter-banking transactions.
- Under Subsidiary Functions explain the services asked in the question.
- Use textbook keywords such as deposits, lending, foreign exchange, letter of credit, draft and underwriting.

MODEL OPENING LINE

Banks perform various functions for customers and the economy. These functions can broadly be classified into Main Functions and Subsidiary Functions.

Example 2 - Explain Types of Bank Account

- Write the four account names first.
- Explain purpose + main feature of each.
- Use separate numbered headings.
- If space permits, add a short suitable-user example.

Example 3 - Short Note on RTGS / NEFT / Core Banking

- Write the full form first.
- Give meaning in one line.
- Explain how it works according to the textbook.
- Add the textbook-specific exam detail only if relevant to the question.

Exam Question Bank

A. MCQs

1. Which account generally does not pay interest according to the textbook?

(a) Savings Account (b) Current Account (c) Recurring Account (d) Fixed Term Account

2. Which account is mainly meant for regular fixed deposits over a period?

(a) Current Account (b) Recurring Account (c) Savings Account (d) Loan Account

3. Maximum interest among deposit accounts is associated in the textbook MCQ with:

(a) Current Account (b) Fixed Deposit Account (c) Recurring Account (d) Savings Account

4. What is the central bank / monetary authority of India?

(a) State Bank of India (b) Central Bank of India (c) Reserve Bank of India (d) Bank of India

5. Facility of withdrawing more than the available balance up to a sanctioned limit is:

(a) Pay Order (b) Cash Credit (c) Demand Draft (d) Overdraft

6. A cheque issued by a bank for payment is commonly called:

(a) Traveller's Cheque (b) Pay Order (c) Personal Cheque (d) Cash Credit

7. Which facility is designed to reduce the risk of carrying cash while travelling?

(a) Demand Draft (b) Cheque (c) Pay Order (d) Traveller's Cheque

8. The textbook states the minimum RTGS amount as:

(a) Any Amount (b) Rs. 2 lakh (c) Rs. 5 lakh (d) Rs. 50,000

9. Short-term bank-to-bank fund transactions are associated with:

(a) NEFT (b) RTGS (c) Core Banking (d) Call Money

10. Which facility is most directly used for transferring money electronically between bank accounts?

(a) Call Money (b) Pay Order (c) Overdraft (d) NEFT

11. Which term refers to a centralized network connecting branches of a bank?

(a) Manual Banking (b) Core Banking (c) Cash Credit (d) Demand Draft

12. Which card usually spends from the customer's available account balance?

(a) Credit Card (b) Debit Card (c) Letter of Credit (d) Demand Draft

13. Which card primarily provides a bank-approved credit facility?

(a) Debit Card (b) Credit Card (c) ATM receipt (d) Passbook

14. ATM stands for:

(a) Automated Teller Machine (b) Automatic Transfer Method (c) Account Teller Mode (d) Automated Transaction Money

15. IFSC is used to identify:

(a) A bank branch for electronic transfer (b) A credit-card limit (c) A cash-credit stock statement (d) A locker number

16. Which is a main function of bank?

(a) Accept deposits (b) Issue railway ticket (c) Manufacture goods (d) Retail trade

17. Which is listed as a subsidiary function?

(a) Accept deposits (b) Lend money (c) Issue letter of credit (d) Invest money

18. A business needing frequent deposits and withdrawals generally uses:

(a) Current Account (b) Fixed Term Account (c) Recurring Account (d) Loan only

19. A person wanting disciplined monthly saving may use:

(a) Recurring Account (b) Current Account (c) Overdraft (d) Cash Credit

20. A lump sum kept for a fixed period is most closely related to:

(a) Savings Account (b) Fixed Term Account (c) Current Account (d) ATM

21. E-Banking means:

(a) Electronic Banking (b) Economic Banking (c) Emergency Banking (d) Export Banking

22. A transaction mainly used to obtain account information without moving money is:

(a) Non-Financial Transaction (b) Cash Credit (c) Loan (d) Overdraft

23. Which service is mainly a working-capital facility for business?

(a) Cash Credit (b) Fixed Term Account (c) Debit Card (d) NSC

24. Which instrument is issued by bank after receiving amount and charges from the purchaser?

(a) Demand Draft (b) Personal Cheque (c) Debit Card (d) Passbook

25. CORE is expanded in the textbook as:

(a) Centralised Online Realtime Exchange (b) Central Office Retail Exchange (c) Common Online Reserve Entry (d) Centralised Ordinary Retail Entry

MCQ Answer Key

Q	Answer	Q	Answer	Q	Answer	Q	Answer	Q	Answer
1	Current Account	2	Recurring Account	3	Fixed Deposit Account	4	Reserve Bank of India	5	Overdraft
6	Pay Order	7	Traveller's Cheque	8	Rs. 2 lakh	9	Call Money	10	NEFT
11	Core Banking	12	Debit Card	13	Credit Card	14	Automated Teller Machine	15	A bank branch for electronic transfer
16	Accept deposits	17	Issue letter of credit	18	Current Account	19	Recurring Account	20	Fixed Term Account
21	Electronic Banking	22	Non-Financial Transaction	23	Cash Credit	24	Demand Draft	25	Centralised Online Realtime Exchange

B. Fill in the Blanks

- A bank accepts ________ and provides loans.
- The interest rate on short-term funds between banks is called ________ rate.
- An account meant for frequent business transactions is ________ account.
- RTGS stands for ________.
- NEFT stands for ________.
- ATM stands for ________.
- CORE stands for ________ according to the textbook.
- A card that uses bank-provided credit is a ________ card.

C. True / False

- Current Account is mainly designed for frequent transactions.
- Recurring Account requires only one lump-sum deposit.
- Overdraft allows withdrawal beyond balance up to a sanctioned limit.
- Core Banking means only mobile banking.

- Debit Card spending is generally linked to the bank-account balance.
- RTGS stands for Real Time Gross Settlement.

D. One-Sentence Questions

- Write the meaning of Bank.
- Which account can be opened in the name of a business unit?
- In which account is the number of withdrawal transactions limited according to the textbook?
- How much amount can be transacted in cash through NEFT according to the textbook?
- Within how much time is money transferred through NEFT according to the textbook?
- In which type of card can only available account balance be spent?

E. Short Questions

- What is Overdraft?
- What is Cash Credit?
- Define Traveller's Cheque.
- Give two examples of non-financial transactions through E-Banking.
- Explain Credit Card.
- Explain Debit Card.
- Explain ATM.

F. Short Notes

- Call Money
- Core Banking
- RTGS
- NEFT
- Mobile Banking
- The account holder is not the customer of a particular branch of the bank, but of the bank. Explain.

G. Long-Answer Questions

- Explain functions of bank.
- Explain the types of bank account.
- Explain the services provided by bank.
- Explain Internet Banking, Core Banking and Mobile Banking.
- Explain ATM, Credit Card and Debit Card with differences.

Application / Case-Based Practice

Case 1 - Choosing an Account

A wholesale trader receives and makes many payments every working day. He needs frequent deposits and withdrawals and may sometimes require overdraft facility.

- Which bank account is most suitable?
- Which textbook feature supports your answer?

SUGGESTED IDEA

Current Account is suitable because it is designed for frequent business transactions and may provide overdraft facility.

Case 2 - Overdraft

A business has Rs. 40,000 in its current account but must make an urgent payment of Rs. 65,000. The bank has already sanctioned an overdraft limit.

- Which service can help?
- What is the basic meaning of this facility?

SUGGESTED IDEA

Bank Overdraft allows an eligible customer to withdraw beyond the available balance up to the sanctioned limit.

Case 3 - Debit vs Credit Card

Riya wants every card purchase to come directly from the money already available in her bank account.

- Which card is more suitable?
- Why?

SUGGESTED IDEA

A Debit Card is suitable because the transaction is generally charged to the linked bank-account balance.

Case 4 - Core Banking

A customer opened an account at one branch but wants to use permitted services at another branch of the same bank.

- Which system makes this possible in the textbook explanation?
- What is the main idea of this system?

SUGGESTED IDEA

Core Banking connects branches through a centralized system so the customer is served by the bank network rather than only one branch.

Common Mistakes Students Make

COMMON MISTAKE

Wrong approach: Writing that Current Account is mainly for saving
Correct approach: Current Account is mainly for frequent transactions, especially business use.

COMMON MISTAKE

Wrong approach: Confusing Cash Credit and Overdraft
Correct approach: Cash Credit is a working-capital facility; Overdraft permits drawing beyond account balance within a sanctioned limit.

COMMON MISTAKE

Wrong approach: Confusing Core Banking with Internet Banking
Correct approach: Core Banking is the centralized branch network; Internet Banking is a customer access channel.

COMMON MISTAKE

Wrong approach: Writing Credit Card = own account balance
Correct approach: Credit Card mainly uses bank-approved credit; Debit Card mainly uses linked account balance.

COMMON MISTAKE

Wrong approach: Forgetting full forms
Correct approach: RTGS, NEFT, ATM, IFSC and CORE are common exam abbreviations.

COMMON MISTAKE

Wrong approach: Writing only a list of bank functions
Correct approach: For 3/4 marks, explain each point, not just names.

COMMON MISTAKE

Wrong approach: Mixing textbook figures with current banking rules
Correct approach: For this chapter, follow the textbook if the question is board/textbook-based unless your school explicitly instructs otherwise.

Chapter Glossary

Term	Simple Meaning
Bank	Institution accepting deposits, lending money and providing banking services
Deposit	Money kept with bank
Call Money	Short-term bank-to-bank funds referred to in the textbook
Savings Account	Account mainly for saving
Current Account	Account for frequent transactions
Recurring Account	Regular fixed deposits over a period
Fixed Term Account	Lump sum deposited for fixed period
Demand Draft	Bank-issued payment instrument
RTGS	Real Time Gross Settlement
NEFT	National Electronic Fund Transfer
Overdraft	Withdrawal beyond account balance within sanctioned limit
Cash Credit	Working-capital finance within sanctioned limit
E-Banking	Electronic Banking
Core Banking	Centralized network connecting bank branches
ATM	Automated Teller Machine
Credit Card	Card using bank-approved credit
Debit Card	Card using linked account balance
IFSC	Indian Financial System Code

5-Minute Chapter Revision

Topic	Must Remember
Bank	Accept deposits + lend money + provide banking services
Main Functions	Deposits, lending, investment, inter-banking transactions
Subsidiary Functions	Customer transactions, forex, letter of credit, traveller's cheque, draft, credit info, underwriting, other services
Accounts	Savings, Current, Recurring, Fixed Term
Bank Services	Draft, Banker's Cheque, RTGS, NEFT, Overdraft, Cash Credit, Loan
E-Banking	Electronic banking through connected systems
Three E-Banking Areas	Internet Banking, Core Banking, Mobile Banking
Associated Services	ATM, Credit Card, Debit Card

LAST-MINUTE MEMORY CHAIN

Bank = Deposit -> Lend -> Invest -> Connect
Accounts = S-C-R-F
Cards = Credit uses limit; Debit uses balance

One-Page Master Revision Sheet

MEANING: Bank = institution accepting deposits, lending money and providing banking services.

MAIN FUNCTIONS: Accept deposits | Lend money | Invest money | Inter-banking transactions.

SUBSIDIARY: Customer transactions | Foreign exchange | Letter of credit | Traveller's cheque | Draft | Credit information | Underwriting | ATM/DEMAT/Safe Deposit Vault.

ACCOUNTS: Savings | Current | Recurring | Fixed Term.

SERVICES: Draft | Banker's Cheque | RTGS | NEFT | Overdraft | Cash Credit | Loan.

E-BANKING: Internet Banking | Core Banking | Mobile Banking.

CARDS: Credit = sanctioned credit; Debit = linked account balance; ATM = machine-based banking access.

ABBREVIATIONS: RBI, ATM, KYC, DEMAT, RTGS, NEFT, IFSC, DNS, CORE, PIN, IDRBT.

Have You Mastered This Chapter?

- I can define bank in one sentence.
- I can classify bank functions into main and subsidiary.
- I can compare all four deposit accounts.
- I can explain RTGS, NEFT, overdraft, cash credit and loan.
- I understand Internet Banking, Core Banking and Mobile Banking.
- I can differentiate Credit Card and Debit Card.
- I can write the important full forms without confusion.
- I can answer the textbook exercise pattern.

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