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Consumer Banking BNK603-Quiz#04

Farming techniques and inputs should be developed to address:

Environmental concerns

Enhancing farmers' incomes

Raising production rate

Raising environmental concerns and farmers income

LESSON 24

Farming techniques and inputs should be developed to address environmental concerns while also enhancing farmers' incomes.

Which of the following is the significant achievement of the consumer financing?

Providing access to purchasing power to the middle class consumer

Providing access to purchasing power to the Elite class Consumer

Providing access to purchasing power to the lower class consumer

achievement of the consumer financing

LESSON 09

Factors responsible for the widespread popularity of consumer finance in recent years: Providing access to purchasing power to the middle class consumer has been the most significant achievement of this product class.

A complainant not satisfied with the decision of the Banking Ombudsman, has the right to appeal to the_____.

Governor SBP

AVP of the concerned bank

High Court

Supreme court

LESSON 12

The law provides the right to appeal to parties, the complainant and the bank. A complainant, dissatisfied with the decision of Banking Ombudsman, has the right to appeal to the Governor SBP within 30 days from the date of order of the Ombudsman.

_____could include property for which a family has tenancy rights but no legal title.

Undocumented capital

Personal resources

Community resources

Underutilized assets

LESSON 22

Undocumented capital could include property for which a family has tenancy rights but no legal title; or unincorporated businesses that aren't funded by a bank or other traditional investors.

Why Banks in Europe and North America are relatively confident in their capabilities for credit risk, market risk, and asset-liability management?

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Since they face risk management challenges rapidly
Since they went through dramatic structural changes

Since they have made significant improvements over the past decade

LESSON 31

Banks in Europe and North America are relatively confident in their capabilities for credit risk, market risk, and asset-liability management (ALM) since they have made significant improvements over the past decade.

For which of the following area(s) Bank regulators in Asia are establishing new standards?

- Risk and capital management
- Portfolio management techniques
- Financial examination
- Reporting requirements

(no Idea) LESSON 31

Bank regulators in Asia are establishing new standards for risk and capital management, including financial examination and reporting requirements.

At which of the following stage banks focus on integrating Enterprise Risk Management (ERM) into business processes?

- Yellow belt
- Green belt

Brown belt

Black belt

LESSON 32

Business Integration (Brown Belt); Banks at this stage are focused on integrating ERM into business processes.

Consumer financing is designed for which type of services??

Financial support to enhance living standard

- Financial support for education purposes
- Financial Support for wedding expenses
- None of the given options

LESSON 05

The concept of consumer financing is based on the need for an institutional arrangement that provides consumers with financing support to enhance their consumption and, as a result, improve their standards of living.

Developing customer insight and “institutional memory” includes:

- Records of processes executed for the client
- Record of client preferences
- Record of past interactions through all channels

All of the given options

LESSON 17

Developing customer insight and “institutional memory” is also critical. This includes records of processes executed for the client, and a record of client preferences and past interactions through all channels.

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Which of the following is appointed for acknowledging, addressing, handling and investing all the complaints in a fair and prompt manner?

National Bank of Pakistan is appointed for this purpose

Any Commercial Bank of Pakistan is appointed for this purpose

A person and the unit/section is appointed for this purpose

A team nominated by the scheduled banks is appointed for this purpose

LESSON 12

According to the guidelines, the person and the unit/section appointed for this purpose is responsible for acknowledging, addressing, handling and investigating all the complaints in a fair and prompt manner.

Which of the following customer interface refers to the way the firm “goes to the market”, how it actually reaches the customers?

Fulfillment and Support

Information and Insight

Relationship Dynamics

Pricing Structure

LESSON 01

Fulfillment and Support: This refers to the way the firm “goes to the market”, how it actually reaches customers ---which channels it uses, what kind of customer support it offers, and what level of service it provides.

While extending financing facilities to the customers, the banks / DFIs should ensure that the _____ is commensurate with monthly income and repayment capacity of the borrower.

Total installment of the loans

Principal amount of the loan

Interest on the loan

None of the given options

LESSON 11

While extending financing facilities to their customers, the banks / DFIs should ensure that the total installment of the loans extended by them is commensurate with monthly income and repayment capacity of the borrower.

People who have little discretionary spending power, they are generally able to support their basic needs and will require intervention only to improve the level and consistency of their existing incomes, belong to which income segment?

Lowest

Middle

Top

Belong to middle and lowest level

LESSON 21

The middle segment constitutes the largest group, with approximately 1.6 billion people. Although they have little discretionary spending power, they are generally able to support their basic needs and will require intervention only to improve the level and consistency of their existing incomes.

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Operating costs and default rates for consumer finance loans in emerging markets are generally low, making these loans extremely_____.

Attractive

Expensive

Cheaper

Profitable

LESSON 19

What's more, operating costs and default rates for consumer finance loans in emerging markets are generally low, making these loans extremely profitable.

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Pricing Structure

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Expensive

Cheaper

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LESSON 19

What's more, operating costs and default rates for consumer finance loans in emerging markets are generally low, making these loans extremely profitable.

Customers also vary in their opinions about what it means to be treated well in a service environment" this challenge belongs to which type of the variability?

Request variability

Capability variability

Arrival variability

Subjective preference variability

LESSON 33

Subjective Preference Variability: Customers also vary in their opinions about what it means to be treated well in a service environment.

Consumers in this market are more likely to trust a friend or family member than a salesperson they don't know, such type of networks comes under the head of:

Formal communication

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Informal communication

Direct communication

Indirect communication

LESSON 25

Consumers in this market are more likely to trust a friend or family member than a salesperson they don't know. Leveraging such informal communication networks can become a powerful sales tool.

Which of the following is NOT the code of consumer banking?

To promote good banking practice

To increase transparency

To foster confidence in the banking system

To promote personal relations

LESSON 14

The Code of Consumer Banking Practice for retail banking customers has been developed to:

1. Promote good banking practices by setting minimum standards in dealing with you;
2. Increase transparency so that you can have a better understanding of what you can reasonably expect of the services;
3. Promote a fair and cordial relationship between you and your bank;
4. Foster confidence in the banking system

Question # 1 of 15

Which of the following customer interface refers to the nature of the interaction between the producer and the consumer?

Fulfillment and Support

Information and Insight

Relationship Dynamics

VU NET

Pricing Structure

Question # 2 of 15

Which of the following approach to poverty reduction focuses on people as consumers and producers and on solutions that can make markets more efficient, competitive and inclusive?

Traditional approach

Market based approach

Market driven approach

Both market based approach and traditional approach

Question # 3 of 15

To succeed in this challenging market, companies need to work with other players to develop the right:

Products

Services

Delivery mechanism

All of the given options

Question # 4 of 15

Banks are required to maintain a general reserve at least equivalent to _____ of the consumer portfolio which is fully secured.

0.5%

1%

1.5%

5%

Question # 5 of 15

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Which of the following constitutes a significant portion of banks' lending portfolios?

Credit finance

Foreign Exchange

Consumer finance

Money laundering

Question # 6 of 15

Risk professionals from different banks interact and learn about each other's risk management practices by which of the following strategy?

Hiring risk experts

Establishing training and certification program

Revise performance measurement and incentives

Conducting industry benchmarking exercises

Question # 7 of 15

Raising the income and consumption level of the BOP will place immense pressure on already-stretched resources such as:

Land

Water

Energy & ecosystems

All of the given options

Question # 8 of 15

Understanding _____ is vital toward the success of banks' customer experience initiatives.

Emotional relevance

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Customer interaction

Moments of truth

Customer's expectations

Question # 9 of 15

SBP (State Bank of Pakistan) has issued guidelines for which type of customer complaints?

Complaints regarding financial losses

Complaints regarding damages to the businesses

Complaints regarding delayed response of the banks

All of the given options

Question # 10 of 15

What is the objective of a relationship based approach?

To develop strong trust

To develop long term relations

To understand client needs and meet them

All of the given options

Question # 11 of 15

For which of the following area(s) Bank regulators in Asia are establishing new standards?

Risk and capital management

Portfolio management techniques

Financial examination

Reporting requirements

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Question # 12 of 15

Any act or attempted act to disguise the source of money or assets derived from criminal activity is known as:

White money

Credit creation

Money laundering

Withdrawal of money

Question # 13 of 15

System is a group of which of the following components?

Interacting

Interrelated

Interdependent

All of the given options

Question # 14 of 15

While extending financing facilities to the customers, the banks / DFIs should ensure that the _____ is commensurate with monthly income and repayment capacity of the borrower.

Total installment of the loans

Principal amount of the loan

Interest on the loan

None of the given options

Question # 15 of 15

Which of the following approach tend to endorse the status quo and the existing risk profile?

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Top-down

Down the line

Down-top

Bottom-up

Question # 1 of 15

Why most of the people in the BOP are being exploited by the middlemen?

They lack access to market to sell their labor

They lack access to market to sell their crops

They are bound to sell to the local employees only

All of the given options

LESSON 21

Dependence on informal or subsistence livelihoods: Most in the BOP lack good access to markets to sell their labor, handicrafts, or crops and have no choice but to sell to local employers or to middlemen who exploit them.

Question # 2 of 15

The emerging technology-driven financial service(s) may include:

Bank-centric models

Electronic currency

Mobile commerce systems

All of the given options

LESSON 22

The emerging technology-driven financial services include bank-centric models, electronic currency, and mobile commerce systems.

:

:

Question # 3 of 15

How bank can improve ethical standards regarding dealing with their customers?

By increasing awareness and the level of financial literacy

By reviewing the transparency of the pricing mechanism

By offering a choice between fixed and floating rates

By informing them the pros and cons of financial lending

LESSON 10

Considering the low level of financial literacy of the average consumer, mainly due to the low level of awareness and the prevailing literacy rate in the country, banks would need to review the transparency of the pricing mechanism, and offer

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a choice between fixed and floating rates to the customers, while informing them of the pros and cons associated with each option. Such initiatives will also help in improving the ethical standards of banks' dealing with their customers.

(All 4 options in this mcq are correct).

⋮
⋮

Question # 4 of 15

_____ are what customers expect automatically in dealing with any bank, and in most cases, any business

Baselines expectations

Interactive expectations

Importance and relevance

Emotional relevance and personal importance

LESSON 35

Baselines expectations are what customers expect automatically in dealing with any bank, and in most cases, any business.

Question # 5 of 15

To build and sustain a growing business in financial services, institutions need:

Vision

Mission

Pragmatism

Vision and Pragmatism

LESSON 18

To build and sustain a growing business in financial services, institutions need a combination of vision and pragmatism.

Question # 6 of 15

Which of the following approach to poverty reduction tend to address unmet needs for health care, clean water or other basic necessities by setting targets for meeting those needs through direct public investments, subsidies, or other handouts?

Traditional approach

Market based approach

Market driven approach

Both market based approach and traditional approach

LESSON 22

Traditional approaches tend to address unmet needs for health care, clean water or other basic necessities by setting targets for meeting those needs through direct public investments, subsidies, or other handouts.

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Question # 7 of 15

Finalta believes that _____ is driven by the comparison of expectation and actual experience.

Emotional relevance
Customer interaction
Interactive expectations

Customer satisfaction

LESSON 36

Finalta believes that customer satisfaction is driven by the comparison of expectation and actual experience.

⋮
⋮

Question # 8 of 15

The potential for increased agricultural production is one of the “_____” that often lies untapped in BOP communities.

Hidden assets

Capital assets
Fixed assets
Biological assets

LESSON 24

The potential for increased agricultural production is one of the “hidden assets” that often lies untapped in BOP communities.

Question # 9 of 15

Raising the income and consumption level of the BOP will place immense pressure on already-stretched resources such as:

Land
Water
Energy & ecosystems

All of the given options

LESSON 24

Raising the income and consumption level of the BOP will place immense pressure on already-stretched resources such as land, water, energy and ecosystems.

Question # 10 of 15

Why Asian banks should adopt Enterprise Risk Management (ERM)?

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Banks face complex risks that are highly interdependent, and an ERM framework enables a bank to manage all major risks and their interdependencies.

An ERM framework provides the overall architecture for a bank's risk management program.

Empirical research and industry surveys have indicated that there are clear business benefits for adopting an ERM program.

All of the given options

LESSON 31

There are three key reasons why Asian banks should adopt ERM without delay:

1. Banks face complex risks that are highly interdependent, and an ERM framework enables a bank to manage all major risks and their interdependencies.
2. An ERM framework provides the overall architecture for a bank's risk management program.
3. Empirical research and industry surveys have indicated that there are clear business benefits for adopting an ERM program.

Question # 11 of 15

Equity investors want to see _____; rating agencies want to minimize_____.

Return; risk of default

Risk of default; return

Profit; per unit cost

Dividend; interest rate

LESSON 29

Equity investors want to see a return; rating agencies want to minimize risk of default.

Question # 12 of 15

Dealing with _____ is a central challenge in making a service offering profitable.

Variability

Reliability

Consistency

Inefficiency

LESSON 33

Dealing with that variability is a central challenge in making a service offering profitable.

Question # 13 of 15

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The _____ means the way in which business and affairs of each institution is directed and managed by their 'Board of Directors' and the 'Management'.

Audit
Compliance
Good Governance

Corporate governance

LESSON 08

The corporate governance means the way in which business and affairs of each institution is directed and managed by their 'Board of Directors' and the 'Management'

Question # 14 of 15

How the loan is continuously watched over, after it is approved and draws down allowed?

By keeping track of borrower's compliance with credit terms
By identifying early signs of irregularity
By conducting periodic valuation of collateral and monitoring timely repayments

All of the given options

LESSON 39

After the loan is approved and draw down allowed, the loan is continuously watched over. This includes keeping track of borrowers compliance with credit terms, identifying early signs of irregularity, conducting periodic valuation of collateral and monitoring timely repayments.

Question # 15 of 15

This holistic approach is based upon the view that a Moment of Truth is any interaction that, if done correctly:

Increases the trust of the customer for the bank

Increases the profit of the bank
Increases the expectations of the customers
None of the given options

LESSON 36

This holistic approach is based upon the view that a Moment of Truth is any interaction that, if done correctly, increases the trust of the customer for the bank.

Which of the following Key component of an Enterprise Risk Management (ERM) integrate risk management into the revenue generating activities of the bank, including business development, product and relationship management, pricing and so on?

Corporate governance

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Line management

Portfolio management

Risk modeling

LESSON 31

Line management to integrate risk management into the revenue generating activities of the bank, including business development, product and relationship management, pricing and so on.

Which of the following Key component of an Enterprise Risk Management (ERM) aggregate risk exposures, incorporate diversification effects and monitor risk concentrations against established risk limits?

Corporate governance

Line management

Portfolio management

Stakeholders' management

LESSON 31

Portfolio management to aggregate risk exposures, incorporate diversification effects and monitor risk concentrations against established risk limits.

Why low income consumers are generally more willing to accept an unfamiliar product?

It carries a well-known brand

It is endorsed by a trustworthy institution

It carries low price with high quality

It is a well-known brand and endorsed by a trustworthy institution

LESSON 25

Low income consumers are generally more willing to accept an unfamiliar product if it carries a well-known brand or is endorsed by a trustworthy institution.

Which of the following stakeholders increasingly demand enhanced risk disclosure?

Rating agencies

Business partners

Institutional investors

All of the given options

LESSON 31

Additionally, key stakeholders such as institutional investors, rating agencies, and business partners will increasingly demand enhanced risk disclosure.

Risk professionals from different banks interact and learn about each other's risk management practices by which of the following strategy?

Hiring risk experts

Establishing training and certification program

Revise performance measurement and incentives

Conducting industry benchmarking exercises

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LESSON 32

Conduct Industry Benchmarking Exercises: A common practice among European and North American banks is industry benchmarking, whereby risk professionals from different banks interact and learn about each other's risk management practices.

Customers who are not a natural fit with the company and who are not happy anyway are categorized as:

False profits

True Profits

Dissatisfied

Unhappy and unprofitable

LESSON 16

In the lower left are the “unhappy and unprofitable”—the buyers who are not a natural fit with the company and who are not happy anyway.

To serve customers efficiently, companies often work to reduce the _____ and achieve economies of scale through centralized production in large factories.

Select correct option:

Fixed cost of products

Variable cost of products

Unit cost of products

All of the given options

LESSON 22

To serve customers efficiently, companies often work to reduce the unit costs of products and achieve economies of scale through centralized production in large factories.

How leading institutions can improve their chances of sustainable growth?

By using technology appropriately

Invest in, develop and reward the right talent

By investing time in careful planning and communication

All of the given options

LESSON 18

In a _____ employees' performance is measured by the number of products they sell.

Product-push approach'

Relationship approach'

Customer-push approach'

Performance measurement approach

LESSON 17

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Unlike a product-push approach, where employees' performance is measured by the number of products they sell, a relationship approach takes a broader view.

How bank can improve ethical standards regarding dealing with their customers?

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By informing them the pros and cons of financial lending

LESSON 10

Considering the low level of financial literacy of the average consumer, mainly due to the low level of awareness and the prevailing literacy rate in the country, banks would need to review the transparency of the pricing mechanism, and offer a choice between fixed and floating rates to the customers, while informing them of the pros and cons associated with each option. Such initiatives will also help in improving the ethical standards of banks' dealing with their customers.

(All 4 options in this mcq are correct).

What does the high interest rate spread in Pakistan indicates?

Competitiveness in the banking sector is absent

Competitiveness in the banking sector is very poor

Competitiveness in the banking sector is very good

Competitiveness in the banking sector is either absent or very poor

LESSON 13

High interest rate spread indicates that competitiveness in the banking sector in Pakistan is either absent or is very poor.

As per the SBP guidelines what is the definition of financial risk in a banking organization?

The possibility that the organization will not achieve the targeted profit

That possibility that the EBIT of the organization will not be adequate

The possibility that the outcome of an action or event could bring up adverse impacts

All of the given options

LESSON 26

Defining Risk: For the purpose of these guidelines financial risk in banking organization is possibility that the outcome of an action or event could bring up adverse impacts.