Zed-King
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COURSE ON COMPUTER CONCEPTS

DIGITAL FINANCIAL TOOLS AND APPLICATIONS

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SECTION 1: INTRODUCTION & OBJECTIVES

8.0 Introduction

> *Digital financial tools are electronic methods of making payments and handling money — such as UPI, cards, eWallets, mobile banking and internet banking — without using cash or cheques. They are an important part of the **Digital India** mission for a cashless and less-cash economy.*

In the past people had to stand in queues at banks, carry cash and use cheques. Now money can be sent, received, saved and used for shopping and bill payment within seconds from a mobile phone. India is one of the world's largest digital payment markets, with UPI used for most small payments. The system is regulated by the **RBI** (Reserve Bank of India), while **NPCI** (National Payments Corporation of India) runs the retail payment systems such as UPI, IMPS, AEPS, RuPay and *99#.

Tool	What it is	Internet needed?
UPI	Instant bank-to-bank payment using a mobile app	Yes (smartphone); UPI 123PAY / *99# work without
QR Code	Scan-and-pay code used with UPI and other apps	Yes
AEPS	Banking using Aadhaar number + fingerprint at a micro-ATM / BC	Not on the customer's side
USSD (*99#)	Mobile banking on any phone through voice network	No
Debit / Credit Card	Plastic card for PoS, ATM and online payment	Not at PoS/ATM; yes for online
eWallet	Prepaid digital wallet in a mobile app	Yes
PoS	Terminal at a shop that accepts card / QR payment	Uses SIM / Wi-Fi to contact bank
Net Banking	Bank services on the bank's website/app (NEFT, RTGS, IMPS)	Yes

Benefits of Digital Payments

- Fast, 24 × 7 and convenient; no need to carry cash or visit the bank
- Safe and traceable record of every transaction; less risk of theft and fake notes
- Lower cost; discounts and cashback; helps government to give direct subsidies (DBT) to bank accounts
- Supports e-commerce, bill payment and small businesses

8.1 Objectives

After studying this chapter, you will be able to:

- Explain OTP and QR code and use them safely
- Use UPI, AEPS, USSD (*99#), cards, eWallets and PoS and explain how each works
- Use internet banking and differentiate between NEFT, RTGS and IMPS
- Pay utility bills online using apps and Bharat BillPay (BBPS)
- Follow the safety rules of digital payments and avoid frauds

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SECTION 2: DIGITAL FINANCIAL TOOLS

8.2 Digital Financial Tools

8.2.1 Understanding OTP [One Time Password] and QR [Quick Response] Code

A. OTP (One Time Password)

> *An OTP is an automatically generated numeric (sometimes alphanumeric) password, usually of 4 to 8 digits (mostly 6), which is valid for **only one login or transaction** and for a **short time** (from 30 seconds to a few minutes). It gives an extra layer of security called **two-factor authentication** (something you know + something you have, i.e., your mobile).*

Point	Details
How it is sent	SMS to the registered mobile number, e-mail, voice call, or generated in an authenticator app (TOTP)
Used for	Net banking login and payments, card online payments, UPI registration, Aadhaar verification, DigiLocker/UMANG sign-up, password reset, e-commerce delivery verification
Valid	Once and only for a short time; a new OTP can be requested if it expires (Resend OTP)
Why safe	Even if someone knows the password, he/she cannot complete the transaction without the OTP

> **Warning:** NEVER share your OTP, UPI PIN, ATM PIN, CVV, card number or password with anyone — not even with a person who says he is a bank officer, police, KYC executive or customer care. Banks never ask for these. Fraud through fake calls is called **vishing**; through fake SMS/links it is **phishing**.

B. QR (Quick Response) Code

> *A QR code is a two-dimensional (2D) matrix barcode — a square pattern of black and white modules — that stores data such as a web link, text, contact details or payment details. It is read quickly by the camera of a smartphone. It was invented in 1994 by **Denso Wave** (Japan).*

Basis	Barcode	QR Code
Dimension	1D — lines in one direction	2D — pattern in both directions
Data capacity	Few characters (up to about 20)	Thousands of characters (up to about 7,000 digits)
Reading	Barcode scanner / laser	Phone camera or scanner, from any angle
Use	Product price/stock in shops	Payments, links, tickets, Wi-Fi sharing, e-pass

Type	Description
Static QR	Fixed QR (e.g., printed at a shop); the payer enters the amount
Dynamic QR	Generated for each bill with the amount pre-filled (billing counter/PoS)
UPI QR / Bharat QR	QR accepted by all UPI apps; Bharat QR is the common QR for cards (RuPay, Visa, Mastercard) and UPI

Steps to pay using a QR code

- Open a UPI app (PhonePe, Google Pay, BHIM, Paytm, bank app) → tap **Scan any QR**.
- Point the camera at the shop's QR code. The merchant name appears — **check it**.
- Enter the **amount** (if not filled) → tap **Pay** → enter the **UPI PIN**.
- The success screen and SMS confirm the payment; show it to the shopkeeper.

> **Warning:** You never need to enter a PIN to RECEIVE money. If someone asks you to scan a QR code or enter your PIN to "receive" a refund or prize, it is a fraud. Do not scan unknown QR codes.

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8.2.2 UPI [Unified Payment Interface]

> *UPI is a real-time payment system developed by NPCI (launched in 2016) that instantly transfers money from one bank account to another through a mobile app. It works 24 × 7 on all days, including holidays, and links many bank accounts in one app. A person can pay using only a mobile number, UPI ID or QR code without entering the bank details of the receiver.*

Term	Meaning
UPI ID / VPA	Virtual Payment Address — like name@bank (e.g., ajay@okhdfcbank); identifies the account without sharing the account number
UPI PIN	Secret 4 or 6 digit PIN set by the user and used to authorize every payment (different from ATM PIN)
UPI Apps	BHIM (NPCI), PhonePe, Google Pay, Paytm, Amazon Pay, bank apps (SBI Pay, iMobile etc.)
PSP / TPAP	Payment Service Provider bank / Third Party App Provider that supports the app
Collect Request	Asking money from another person; the payer approves it with the PIN
UPI Lite	Small-value payments (limited amount per payment) without entering PIN each time, from an on-device wallet
UPI 123PAY	UPI for feature phones using IVR (call), missed call, app or sound-based payment
UPI AutoPay	Standing instruction (mandate) for recurring payments such as subscriptions and EMIs

Steps to start using UPI

- Have a bank account with a **mobile number linked** to it and a smartphone with Internet.
- Install a UPI app from the official store → open it → enter your mobile number → the app verifies the number through an SMS (from the same SIM).
- Create the app lock/login PIN → select your **bank** → the app fetches your linked bank account(s).
- Click **Set UPI PIN** → enter the last 6 digits of your debit card and its expiry date (or use Aadhaar-based verification) → enter the OTP → set a new UPI PIN.
- Your UPI ID is created. The account is now ready to send and receive money.

Ways to send money

Method	How
Scan QR	Tap Scan → scan the QR → enter amount → Pay → UPI PIN
Mobile number / contact	Select a contact registered on UPI → amount → Pay
UPI ID	Type name@bank → verify the name shown → amount → Pay
Bank account + IFSC	For persons who are not on UPI
Check balance	Tap Check Balance → enter UPI PIN

- **Limits:** the standard limit is about ₹1 lakh per day (and about 20 transactions per day) for person-to-person and most shop payments; banks may set lower limits, and some categories (like tax, insurance, capital market) have higher limits. Limits are changed by NPCI/banks from time to time.
- **Charges:** there is no charge for normal personal UPI payments.
- **Advantages:** instant, free, 24 × 7, one app for many accounts, no need to share account details, QR/mobile based.
- **Safety:** verify the name before paying, do not approve unknown collect requests, never share the PIN, and report wrong transfers to the bank/NPCI (UPI Help) or at 1930 for cyber fraud.

8.2.3 AEPS [Aadhaar Enabled Payment System]

> *AEPS is an NPCI payment system that allows an Aadhaar-linked bank account holder to do basic banking transactions at a micro-ATM (PoS device) of a Business Correspondent (BC / Bank Mitra) using only the **Aadhaar number, bank name and fingerprint (biometric)**. No card, PIN or smartphone is needed.*

Service	Description
Balance Enquiry	Check the account balance
Cash Withdrawal	Withdraw cash from the BC / micro-ATM

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Service	Description
Cash Deposit	Deposit cash through the BC
Mini Statement	View the last few transactions
Aadhaar to Aadhaar Fund Transfer	Send money to another Aadhaar-linked account

Steps for an AEPS transaction

- Link the **Aadhaar number** with the bank account (seeding) and the mobile number.
- Go to a Bank Mitra / BC / micro-ATM / CSC. Select the **service** (e.g., cash withdrawal) and enter the amount.
- Give the **Aadhaar number** (or virtual ID), select the **bank** and place the **finger** on the biometric scanner.
- After authentication by UIDAI the transaction is done; take the receipt and SMS confirmation.
- **Benefits:** useful in villages and for persons who do not have smartphones, cards or Internet; supports financial inclusion and DBT (subsidy) payments.
- **Limits and charges** are set by the banks/BC (a limit per transaction/day applies). **Safety:** lock the biometric of Aadhaar through the mAadhaar app when not in use; never allow the BC to take your fingerprint without a transaction.

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8.2.4 USSD [Unstructured Supplementary Service Data]

> *USSD is a communication technology of GSM mobile networks that sends short text menus between the mobile phone and the service computer through the voice channel — **without the Internet** and without a smartphone. NPCI's ***99#** service (National Unified USSD Platform) uses USSD to give banking and UPI services on any mobile phone.*

Service of *99#	Description
Send money	To mobile number + MMID, UPI ID (VPA), or account number + IFSC
Balance enquiry	Check the balance of the linked account
Mini statement	Last few transactions
UPI PIN	Set or change the UPI PIN
My profile / pending requests	Profile, collect requests (pending UPI requests)

Steps to use *99#

- From the mobile number registered with the bank, dial ***99#** and press Call.
- Select the **language** (English, Hindi and other Indian languages are available) and then the **first 3 letters of the bank name** or the IFSC code to choose your bank; link the account if asked.
- The menu appears: **1. Send Money, 2. Request Money, 3. Check Balance, 4. My Profile, 5. Pending Requests, 6. Transactions, 7. UPI PIN**. Reply with the option number.
- For sending money choose the method (mobile number/UPI ID/account), enter the receiver detail, the **amount** and the **remarks**.
- Enter the **UPI PIN** and Send. A confirmation message is shown.
- **Advantages:** works on any basic phone, no Internet/app/data needed, available in many languages, useful in low-network or rural areas.
- **Limitations:** a lower limit per transaction (about ₹5,000), session time-out, and a small charge may be levied by the telecom operator/bank.

8.2.5 Card [Credit / Debit]

> *A bank card is a plastic (or digital) card issued by a bank which is used to pay at shops and online, withdraw cash from ATMs and do other transactions. The main types are **debit cards** and **credit cards**.*

Basis	Debit Card	Credit Card
Money used	Your own money in the bank account	Borrowed from the bank within a credit limit
Payment	Amount is deducted immediately from the account	Bill is generated every month; pay by the due date
Charges	Usually low annual fee	Annual fee, interest on unpaid balance, late fee
Limit	Balance in the account (plus daily limit)	Credit limit decided by the bank
Risk	Loss of own money	Debt and interest if not paid on time
Benefits	Easy cash withdrawal, shopping, ATM	Interest-free period (up to about 50 days), reward points, EMI facility

Parts of a Card

Part	Meaning
Card number	16-digit number on the front (Amex 15 digits)
Name and expiry date	Cardholder name; card valid till month/year
Chip (EMV)	Microchip that makes the card secure; the card is inserted into the PoS
Magnetic strip	Strip at the back that stores data (older cards)
CVV / CVC	3-digit secret code at the back for online payments
Network logo	RuPay (India), Visa, Mastercard, American Express
Contactless symbol	Tap-and-pay (NFC); small payments without PIN up to the limit set by RBI

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- **ATM PIN:** secret 4-digit number given/set by the user for cash withdrawal and PoS payment. Change the initial PIN immediately.
- **Online card payment needs:** card number, expiry date, CVV and an OTP/authentication. For security, card details can be saved as a **token** (tokenisation) instead of the real card number.
- **Types:** RuPay, Visa, Mastercard; prepaid cards, forex cards and virtual cards are also used.
- **Safety:** hide the PIN while typing, do not lend the card, block it immediately if lost (call the bank helpline / app), set transaction limits and enable SMS alerts.

8.2.6 eWallet

> *An eWallet (digital wallet) is a prepaid payment instrument (PPI) — a mobile app in which money is stored electronically and used for payments, recharge, shopping and transfers. It is regulated by the RBI. Examples: Paytm Wallet, Amazon Pay balance, MobiKwik, Freecharge, PhonePe wallet.*

Type	Description
Closed wallet	Can be used only for the company's own goods and services (e.g., a store/airline wallet); no cash-out
Semi-closed wallet	Can be used at many merchants/online sites that accept it, but cash withdrawal is not allowed (Paytm, Amazon Pay etc.)
Open wallet	Issued by banks; also allows cash withdrawal at ATMs

Steps to use an eWallet

- Install the wallet app → register with the mobile number (OTP) → create a PIN/password.
- Complete **KYC** (identity verification with Aadhaar/PAN, etc.). Minimum-KYC wallets have a lower balance limit; full-KYC wallets have a higher limit (up to ₹2 lakh as per RBI).
- **Add money** from the bank account (UPI/net banking) or debit/credit card.
- **Pay:** scan the QR code or select the merchant/bill, enter the amount and confirm. Money is transferred instantly from the wallet balance.
- The balance can be sent to another wallet or to the bank account as per the wallet rules (charges may apply).
- **Advantages:** fast, cashback and offers, no need to enter bank/card details each time, good for small payments.
- **Disadvantages:** money is not in a bank account (no interest), limits, KYC needed, transfer to the bank may have charges, risk if the phone is lost — use app lock.

8.2.7 PoS [Point of Sale]

> *PoS (Point of Sale) is the place and the device (terminal) where a customer pays for goods or services — for example, the card swiping/billing machine at a shop, petrol pump or restaurant. The PoS terminal reads the card or QR, contacts the bank through a SIM/Wi-Fi/Ethernet connection and prints the receipt (charge slip).*

Part	Function
Card reader	Swipe (magnetic strip), insert (chip) and tap (contactless) slots
Keypad	To enter the amount and the customer's PIN
Display	Shows amount, instructions and QR code
Printer	Prints the receipt (charge slip) of the payment
Connectivity	SIM (GPRS/4G), Wi-Fi or Ethernet to connect to the bank server

Steps of a PoS payment

- The shopkeeper enters the **bill amount** on the PoS machine.
- The customer **inserts / swipes / taps** the card (or scans the QR displayed on the PoS).
- The customer enters the **PIN** on the keypad (small contactless payments may not need a PIN).
- The machine contacts the bank; on approval the amount is debited from the customer's account and credited to the merchant's account. The **receipt** is printed.
- **Types:** traditional PoS terminals, **mPoS** (mobile PoS — a small device linked to a phone), QR-based PoS, **micro-ATM** (used by Business Correspondents for AEPS and cash withdrawal) and billing software with a card/UPI system.

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- **MDR** (Merchant Discount Rate) is the fee charged to the shopkeeper on card payments; UPI and RuPay debit card payments have zero MDR.
- **Safety:** do not let the card go out of your sight, cover the keypad while typing the PIN and always take the receipt.

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SECTION 3: INTERNET BANKING

8.3 Internet Banking

> *Internet banking (net banking, online banking) is a facility in which customers use the bank's website or mobile app to perform banking operations — checking balance, viewing statements, transferring funds, paying bills, opening fixed/recurring deposits and applying for cheque books — from anywhere at any time, without visiting the branch.*

Mode	Description
Net Banking	Using the bank's website through a browser with a User ID and password
Mobile Banking	Using the bank's mobile app (with MPIN/biometric) — it also provides UPI
SMS Banking	Balance enquiry and alerts using SMS codes
ATM / Phone Banking	Cash withdrawal through ATM; services by calling the bank's helpline

Registration and use

- Get the facility activated: apply at the branch or through the bank's website/app using the account number, debit card and mobile number (registered with the bank).
- Set the **User ID (Customer ID)**, a strong **login password** and the **transaction password / OTP** settings.
- Login at the official website (check **https://** and the padlock) → enter User ID and password (and OTP/captcha).
- **Add a beneficiary**: Payees → Add Beneficiary → enter name, **account number** (twice), **IFSC** code, nickname → verify with OTP; (new beneficiaries may be activated after a short waiting period).
- Select **Fund Transfer** → choose **NEFT / RTGS / IMPS** (or within the same bank) → select the beneficiary, enter amount and remarks → **Confirm** with OTP/transaction password.
- **Logout** properly after use.

IFSC (Indian Financial System Code) is an 11-character code that identifies the bank branch: 4 letters for the bank, the 5th character is always 0 (zero), and the last 6 characters show the branch. Example: **SBIN0001234**. It is printed on the cheque book and passbook.

Services of Internet Banking	Examples
Account services	View balance, mini statement, download statement, cheque status, stop cheque
Fund transfer	Within the bank, to other banks (NEFT, RTGS, IMPS), standing instructions
Payments	Bill payment, recharge, tax payment, insurance premium, fees
Deposits and loans	Open FD/RD, apply for loan, view loan account
Others	Update mobile/email, block card, apply for cheque book / debit card

> **Safety:** Use only the official bank website/app; never click links received in SMS/e-mail for login; do not use public computers/Wi-Fi for banking; do not share OTP, password or PIN; and check the SMS alert after each transaction.

8.3.1 National Electronic Fund Transfer (NEFT)

> *NEFT is a nationwide electronic fund transfer system run by the **RBI** that transfers money from one bank account to another account of any bank in India. Payments are settled in **half-hourly batches**.*

- **Availability:** 24 × 7 on all days of the year (since December 2019).
- **Limit:** minimum ₹1; there is no maximum limit set by RBI (banks may fix limits for their channels).
- **Time:** credit is normally received in a short time (the next half-hourly batch); not instant.
- **Charges:** online NEFT is free of charge for savings account holders; some banks charge a small fee on transfers made at the branch. Receiving money is free.
- **Details needed:** beneficiary name, account number, bank name and IFSC code.

8.3.2 Real Time Gross Settlement (RTGS)

> *RTGS is a payment system run by the **RBI** in which funds are transferred **in real time (immediately)** and each transaction is settled individually (gross) — meant for **large-value** payments.*

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- **Availability:** 24 × 7 on all days of the year (since December 2020).
- **Limit:** minimum ₹2 lakh; no upper limit set by RBI (bank may apply its own cap).
- **Speed:** immediate credit and the payment cannot be reversed once made.
- **Charges:** free for online transfers; small charges may be applied at branches by banks; receiving is free.
- **Used for:** property payments, business payments, large loan repayments, education fees etc.

8.3.3 Immediate Payment Service (IMPS)

> *IMPS is an instant, real-time interbank electronic fund transfer service of **NPCI** that works 24 × 7 on all days, including bank holidays, through mobile banking, internet banking, ATM, SMS and branch.*

- **Limit:** from ₹1 up to ₹5 lakh per transaction (as per the present NPCI framework).
- **Receiver details:** account number + IFSC, or mobile number + MMID (Mobile Money Identifier), or Aadhaar number.
- **Charges:** banks may charge a small fee depending on the amount and channel.
- **Used for:** urgent small and medium payments at any time, even on holidays.

NEFT vs RTGS vs IMPS

Basis	NEFT	RTGS	IMPS
Full form	National Electronic Funds Transfer	Real Time Gross Settlement	Immediate Payment Service
Run by	RBI	RBI	NPCI
Settlement	Half-hourly batches	Real time, one by one	Instant, real time
Availability	24 × 7 × 365	24 × 7 × 365	24 × 7 × 365
Minimum amount	₹1	₹2 lakh	₹1
Maximum amount	No limit set by RBI	No limit set by RBI	₹5 lakh
Best for	Regular transfers of any size	Very large payments	Urgent small/medium payments
Online charges	Free (savings accounts)	Free	Small charge may apply (bank-wise)

> **Memory Trick:** NEFT = batches (no limit), RTGS = minimum ₹2 lakh, real time; IMPS = instant, up to ₹5 lakh. Rules, limits and charges can change — check the bank's website.

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SECTION 4: ONLINE BILL PAYMENT

8.4 Online Bill Payment

> *Online bill payment means paying utility and other bills — electricity, water, gas, mobile, broadband, DTH, insurance, loan EMI, taxes and fees — through the Internet using a mobile app or website instead of standing in a queue. In India,* ***BBPS (Bharat Bill Payment System, now also called Bharat Connect)*** *of NPCI gives a common, secure platform for bill payment with instant confirmation.*

Bills / Recharge	Examples
Utilities	Electricity, water, piped gas, LPG cylinder booking, municipal tax
Telecom	Mobile prepaid/postpaid recharge, DTH, broadband, landline
Transport	FASTag recharge, metro card, challan payment
Financial	Insurance premium, loan EMI, credit card bill, mutual fund (SIP)
Others	School/college fees, subscriptions (OTT), housing society maintenance

Where can bills be paid online?

- **UPI / payment apps** — PhonePe, Google Pay, Paytm, BHIM (Bills / Recharge section).
- **Bank's net banking or mobile app** — BillPay option.
- **Official website/app of the biller** — e.g., state electricity board, gas company, telecom company.
- **BBPS / Bharat Connect** platforms, Common Service Centres (CSC) and UMANG app.

Steps to pay an electricity bill online (example)

- Open the payment app / bank app → tap **Electricity** (Bills & Recharge).
- Select the **Board / Biller** (e.g., UHBVN / DHBVN of Haryana or your state board).
- Enter the **consumer number / account number** (from the previous bill) and tap **Fetch Bill**.
- The app shows the **consumer name, bill amount and due date** — verify them.
- Choose the payment method (UPI, debit/credit card, net banking, wallet) → **Pay** and enter the UPI PIN/OTP.
- The **payment receipt** with the transaction ID is shown and sent by SMS; save or download it.

Mobile recharge

- Select **Mobile Recharge** → enter the mobile number → choose the operator and circle (auto-detected) → select a plan → pay → recharge is done instantly.

Advantage	Precaution
No queue, available 24 × 7 from anywhere	Verify the biller name and bill details before paying
Instant payment confirmation and digital receipt	Use only official apps / websites (https)
AutoPay and reminders avoid late fees	Keep the transaction ID/receipt; check wrong or failed payments
Cashback, offers and reward points; one place for all bills	Do not share OTP/PIN; beware of fake customer-care numbers and "bill pending" messages

Digital Payment Safety Checklist

- Never share OTP, UPI PIN, ATM PIN, CVV or passwords; banks and apps never ask for them.
- Do not scan unknown QR codes or click unknown links; do not install remote-access apps (AnyDesk, TeamViewer) on a stranger's request.
- Check the receiver's name before sending money; turn on SMS/app alerts and app lock; keep the phone and apps updated.
- Download apps only from the official Play Store / App Store; use a strong password and two-factor authentication.
- **In case of fraud:** immediately call the cyber fraud helpline **1930** or report at **cybercrime.gov.in**, and inform your bank to block the card/account.

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SECTION 5: SUMMARY

8.5 Summary

Digital Financial Tools

- Digital payments are regulated by the RBI; NPCI runs UPI, IMPS, AEPS, RuPay and *99#.
- OTP = One Time Password (single use, short life) — never share it. QR = Quick Response code (2D barcode; invented by Denso Wave, 1994); a PIN is needed only to pay, never to receive.
- UPI: instant, 24 × 7, UPI ID (VPA) + UPI PIN; apps: BHIM, PhonePe, Google Pay; standard limit about ₹1 lakh/day; free for personal use.
- AEPS: Aadhaar number + fingerprint at micro-ATM/BC — balance enquiry, cash withdrawal, deposit, Aadhaar-to-Aadhaar transfer.
- USSD *99#: banking/UPI on any phone without Internet.
- Debit card = own money; credit card = borrowed within limit. Card has number, expiry, CVV, chip. Networks: RuPay, Visa, Mastercard.
- eWallet = prepaid digital wallet (Paytm Wallet, Amazon Pay) regulated by RBI; needs KYC. PoS = machine at shop for card/QR payment (receipt printed).

Internet Banking and Bill Payment

- Internet banking: bank services online. Add a beneficiary using name, account number and IFSC (11 characters).
- NEFT: half-hourly batches, no limit, 24 × 7. RTGS: real time, minimum ₹2 lakh, 24 × 7. IMPS: instant, up to ₹5 lakh, 24 × 7, by NPCI.
- Online bill payment: through apps, net banking or BBPS (Bharat Connect) — fetch bill, verify, pay, save receipt.
- Fraud helpline: 1930; website cybercrime.gov.in.

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SECTION 6: MODEL QUESTIONS AND ANSWERS

8.6 Model Questions and Answers

> *These questions are commonly asked in exams. Correct answers are marked with ✓ and an explanation is provided.*

Part A: Multiple Choice Questions (MCQs)

Q1. OTP stands for:

(a) One Time Password ✓
(b) Online Transfer Pin
(c) Only Token Password
(d) Open Transaction Process

Explanation: *An OTP is a password that is valid for only one login/transaction and for a short time.*

Q2. An OTP is usually valid for:

(a) A short time and one use only ✓
(b) One year
(c) Unlimited use
(d) Until the phone is changed

Explanation: *OTP expires after a short time (a few minutes) and cannot be used again.*

Q3. Which of the following should NEVER be shared with anyone?

(a) OTP and UPI PIN ✓
(b) Name of the bank
(c) Shop name
(d) Branch name

Explanation: *OTP, PIN, CVV and passwords must be kept secret; banks never ask for them.*

Q4. QR code stands for:

(a) Quick Response code ✓
(b) Quality Reading code
(c) Quick Reference code
(d) Quantity Record code

Explanation: *QR = Quick Response; it is a two-dimensional matrix barcode scanned by a camera.*

Q5. A QR code was invented in 1994 by:

(a) Denso Wave (Japan) ✓
(b) Google
(c) NPCI
(d) Microsoft

Explanation: *QR code was developed by Denso Wave, a Toyota group company, in Japan.*

Q6. To RECEIVE money through a UPI QR code you need to:

(a) Never enter a PIN ✓
(b) Enter the UPI PIN
(c) Share your OTP
(d) Share your CVV

Explanation: *A UPI PIN is needed only to send (pay) money; it is never needed to receive money.*

Q7. UPI stands for:

(a) Unified Payments Interface ✓
(b) Universal Payment Instrument
(c) United Payment Internet
(d) Unique Pay Identity

Explanation: *UPI is a real-time payment system developed by NPCI.*

Q8. UPI was developed by:

(a) NPCI ✓
(b) RBI only
(c) SEBI
(d) IRCTC

Explanation: *NPCI (National Payments Corporation of India) developed and manages UPI.*

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Q9. Which of the following is a valid UPI ID (VPA)?

(a) ajay@okbank ✓
(b) ajay.okbank
(c) ajay@@
(d) ajay#bank
Explanation: *UPI ID has the form name@bank/handle.*

Q10. Which of the following is NOT a UPI app?

(a) Excel ✓
(b) BHIM
(c) PhonePe
(d) Google Pay
Explanation: *BHIM, PhonePe and Google Pay are UPI apps. Excel is a spreadsheet package.*

Q11. A UPI payment is confirmed by entering the:

(a) UPI PIN ✓
(b) ATM card number
(c) Aadhaar number
(d) IFSC code
Explanation: *UPI PIN (4 or 6 digits) authorizes a payment.*

Q12. The standard UPI limit for person-to-person transfers is about:

(a) ₹1 lakh per day ✓
(b) ₹10 per day
(c) ₹50 crore per day
(d) No limit
Explanation: *NPCI's standard limit is ₹1 lakh per day (banks may set lower limits; some categories have higher limits). Limits can change.*

Q13. AEPS stands for:

(a) Aadhaar Enabled Payment System ✓
(b) Automatic Electronic Payment Service
(c) Aadhaar Electronic Pay Slip
(d) Account Enabled Pay System
Explanation: *AEPS lets a customer do basic banking using Aadhaar number and biometric authentication.*

Q14. Which authentication is used in AEPS?

(a) Fingerprint/iris biometric with Aadhaar number ✓
(b) Password only
(c) Signature
(d) E-mail ID
Explanation: *AEPS uses the Aadhaar number and biometric (fingerprint/iris) at a micro-ATM of a Business Correspondent.*

Q15. Which of these services is available in AEPS?

(a) Cash withdrawal and balance enquiry ✓
(b) Online shopping
(c) Credit card billing
(d) Cheque printing
Explanation: *AEPS offers balance enquiry, cash withdrawal, cash deposit, mini statement and Aadhaar-to-Aadhaar transfer.*

Q16. USSD stands for:

(a) Unstructured Supplementary Service Data ✓
(b) Unified Secure Service Data
(c) Universal SIM Service Data
(d) User Service Security Device
Explanation: *USSD is a GSM service used for mobile banking such as *99#.*

Q17. Which USSD code is used for UPI/banking services on a basic mobile phone?

(a) *99# ✓
(b) *#06#
(c) *123#
(d) *66#
Explanation: **99# (NUUP) works without Internet on any mobile phone.*

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Q18. The service *99# does NOT need:

(a) Internet connection ✓
(b) A mobile number linked to bank
(c) A SIM card
(d) Network signal

Explanation: **99# works on USSD (voice network), so no Internet or smartphone is needed.*

Q19. Which card allows spending only the money available in your bank account?

(a) Debit card ✓
(b) Credit card
(c) Gift voucher
(d) Cheque

Explanation: *A debit card deducts the amount directly from the savings/current account.*

Q20. Which card gives a credit limit to the user and a bill to pay later?

(a) Credit card ✓
(b) Debit card
(c) ATM-only card
(d) Smart card for entry

Explanation: *A credit card lets you spend from a limit given by the bank and pay the bill by the due date.*

Q21. The 3-digit security code at the back of a card is called:

(a) CVV ✓
(b) PIN
(c) IFSC
(d) MICR

Explanation: *CVV (Card Verification Value) is used for online card payments; never share it.*

Q22. RuPay is a card network developed in:

(a) India (NPCI) ✓
(b) USA
(c) Japan
(d) China

Explanation: *RuPay is India's own domestic card network launched by NPCI.*

Q23. Which of the following is an eWallet?

(a) Paytm Wallet ✓
(b) Hard disk
(c) Pen drive
(d) Windows

Explanation: *eWallets (PPIs) include Paytm Wallet, Amazon Pay balance, MobiKwik, etc.*

Q24. An eWallet needs to be loaded with money before use. This is called:

(a) Adding money / top-up ✓
(b) Booting
(c) Formatting
(d) Downloading

Explanation: *Money is added from a bank account, UPI or card and then spent from the wallet balance.*

Q25. Which regulator controls prepaid payment instruments (wallets) in India?

(a) RBI ✓
(b) SEBI
(c) TRAI
(d) UGC

Explanation: *The Reserve Bank of India regulates PPIs and digital payments.*

Q26. PoS stands for:

(a) Point of Sale ✓
(b) Place of Service
(c) Point of Safety
(d) Payment on Screen

Explanation: *A PoS terminal is the device where a customer pays with a card/QR at a shop.*

Q27. Which of these is NOT done with a PoS machine?

(a) Printing a Word document ✓
(b) Card payment
(c) Printing the receipt
(d) Accepting contactless payment

Explanation: *A PoS machine reads cards, takes the PIN, communicates with the bank and prints a receipt.*

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Q28. IFSC code has how many characters?

(a) 11 ✓
(b) 8
(c) 16
(d) 9

Explanation: *IFSC = Indian Financial System Code: 11 characters (4 letters bank code, 0, 6-character branch code).*

Q29. NEFT stands for:

(a) National Electronic Funds Transfer ✓
(b) National Easy Fund Transaction
(c) New Electronic Fund Transfer
(d) Net Electronic Fee Transfer

Explanation: *NEFT is a nationwide electronic fund transfer system run by RBI.*

Q30. NEFT works in:

(a) Half-hourly batches, 24 × 7 ✓
(b) Instant, single-transaction mode only
(c) Only on Mondays
(d) Only in branches

Explanation: *NEFT settles in half-hourly batches and is available all 24 hours of all days.*

Q31. RTGS is meant for:

(a) High-value transfers (minimum ₹2 lakh) ✓
(b) Transfers up to ₹100
(c) Mobile recharge only
(d) Cash deposit

Explanation: *RTGS (Real Time Gross Settlement) has a minimum of ₹2 lakh and no maximum limit set by RBI.*

Q32. IMPS stands for:

(a) Immediate Payment Service ✓
(b) Internet Mobile Pay System
(c) Instant Money Pass Service
(d) International Money Payment Scheme

Explanation: *IMPS provides instant 24 × 7 transfers (up to ₹5 lakh) and is run by NPCI.*

Q33. Which of the following is needed to add a beneficiary in net banking?

(a) Account number, name and IFSC ✓
(b) Only the name
(c) PAN number
(d) Voter ID

Explanation: *Beneficiary account number, name and IFSC code of the branch are required.*

Q34. BBPS (Bharat BillPay) is used for:

(a) Paying utility bills online ✓
(b) Booking tickets
(c) Sending e-mail
(d) Printing documents

Explanation: *BBPS is an integrated bill payment system of NPCI for electricity, water, gas, mobile, DTH and other bills.*

Q35. A safe way to do online banking is to:

(a) Check https:// and padlock before login ✓
(b) Share OTP with the caller
(c) Use any free Wi-Fi without care
(d) Save password on a shared PC

Explanation: *Use only official apps/sites with https and never share OTP/PIN.*

Part B: True or False

#	Statement	Answer
1	An OTP can be used again and again.	False — it is valid for one use and a short time only.
2	A UPI PIN is needed to receive money.	False — it is needed only to send money.
3	USSD *99# needs an Internet connection.	False — it works without Internet on any phone.
4	AEPS uses Aadhaar number and biometric authentication.	True

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#	Statement	Answer
5	A credit card uses the money from your own bank account immediately.	False — that is a debit card; a credit card uses a bank-given credit limit.
6	RuPay is an Indian card network.	True
7	RTGS has a minimum limit of ₹2 lakh.	True
8	NEFT works in half-hourly batches and is available 24 × 7.	True
9	IMPS can be used on bank holidays also.	True
10	It is safe to share CVV with a person claiming to be a bank officer.	False — never share CVV, OTP or PIN.

Part C: Short Answer Questions

Q1. What is an OTP? Why is it used?
Ans: OTP (One Time Password) is a single-use password valid for a short time, sent to the registered mobile/e-mail. It adds a second layer of security to logins and payments.

Q2. What is a QR code? How is it used for payment?
Ans: A QR code is a 2D matrix barcode that stores data. For payment, scan the shop's QR with a UPI app, check the name, enter the amount and the UPI PIN.

Q3. What is UPI? Write its main features.
Ans: UPI (Unified Payments Interface) is NPCI's instant mobile payment system. Features: 24 × 7, real-time, UPI ID, one app for many accounts, free personal transfers, QR payment.

Q4. What are a UPI ID and a UPI PIN?
Ans: UPI ID (VPA) is the virtual address like name@bank used to receive money. UPI PIN is the secret 4/6-digit PIN used to authorize payment.

Q5. Write the steps to make a payment using a UPI app.
Ans: Open the UPI app → scan QR or select contact/UPI ID → check the name → enter amount → tap Pay → enter UPI PIN → payment success.

Q6. What is AEPS? Which services are given by it?
Ans: AEPS is the Aadhaar Enabled Payment System that works with Aadhaar number and fingerprint at a micro-ATM. Services: balance enquiry, cash withdrawal, cash deposit, mini statement and Aadhaar-to-Aadhaar transfer.

Q7. What is USSD? How is *99# used?
Ans: USSD is a mobile network service that gives text menus without the Internet. Dial *99# from the registered number, choose language and bank, and select an option like send money or check balance.

Q8. Differentiate between a debit card and a credit card.
Ans: A debit card deducts money from your own account immediately; a credit card gives a credit limit and you pay the bill later (with interest if delayed).

Q9. What is CVV? Why should it not be shared?
Ans: CVV is the 3-digit security code at the back of the card used for online payments. If shared, a fraudster can use the card for online transactions.

Q10. What is an eWallet? Give examples.
Ans: An eWallet is a prepaid digital wallet in an app where money is stored for payments and recharge. Examples: Paytm Wallet, Amazon Pay, MobiKwik.

Q11. What is a PoS terminal? How does it work?
Ans: PoS is the machine at a shop to accept card/QR payments. The customer inserts/taps the card and enters the PIN; the machine contacts the bank and prints a receipt.

Q12. What is internet banking? Write its advantages.
Ans: Internet banking is the use of the bank's website/app for banking operations. Advantages: 24 × 7 service, saves time and travel, fund transfer, bill payment and statements from home.

Q13. What is IFSC? What are its parts?
Ans: IFSC is an 11-character code of a bank branch: first 4 letters for the bank, the 5th character is 0, and the last 6 characters identify the branch.

Q14. Write the steps to transfer money using net banking.
Ans: Login → add beneficiary (name, account number, IFSC) → Fund Transfer → select NEFT/RTGS/IMPS → choose beneficiary and amount → confirm with OTP → note the reference number.

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Q15. What is NEFT? Write its features.

Ans: NEFT is RBI's nationwide fund transfer system, working in half-hourly batches 24 × 7; no maximum limit by RBI and free online.

Q16. What is RTGS? When is it used?

Ans: RTGS is real-time gross settlement with a minimum of ₹2 lakh; used for large-value payments like property or business payments.

Q17. What is IMPS? Write its features.

Ans: IMPS is NPCI's instant interbank transfer service available 24 × 7 including holidays, up to ₹5 lakh, using account number + IFSC or mobile number + MMID.

Q18. Differentiate between NEFT and RTGS.

Ans: NEFT: batch settlement, no minimum limit (₹1). RTGS: real-time settlement and minimum ₹2 lakh. Both are run by the RBI and are available 24 × 7.

Q19. What is BBPS? Write the steps to pay an electricity bill online.

Ans: BBPS (Bharat BillPay / Bharat Connect) is NPCI's common bill payment platform. Steps: open app → Electricity → select board → enter consumer number → fetch bill → verify → pay → save receipt.

Q20. Write any five safety rules of digital payments.

Ans: Never share OTP/PIN/CVV; check the receiver's name; do not scan unknown QR codes; use official apps only; enable alerts; report fraud at 1930 or cybercrime.gov.in.

Part D: Long Answer Questions (Practice)

- What are digital financial tools? Explain their benefits and name the main tools.
- Explain OTP and QR code with their uses and safety rules.
- Explain UPI in detail — features, steps to register and pay, limits and safety.
- Explain AEPS and USSD (*99#) with services and steps.
- Differentiate between debit and credit cards. Explain the parts of a card and safe use of cards.
- Explain eWallet and PoS with their working, advantages and disadvantages.
- What is internet banking? Explain NEFT, RTGS and IMPS and write the differences.
- Explain the steps of online bill payment and the safety rules for digital payments.

Best of Luck for Your Exam!

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