

Chapter 12: Application of Digital Financial Services

Q1. Which of the following best explains 'Why savings are needed'?

- A) To build financial security and meet future needs or emergencies
- B) Savings are never necessary for anyone
- C) Savings should always be avoided entirely
- D) Savings only benefit banks, not individuals

Answer: A) To build financial security and meet future needs or emergencies

Q2. Which of the following best explains 'Why save in a bank'?

- A) Banks charge for every rupee deposited with no benefit
- B) Banks offer safety, interest earnings, and easy access to funds compared to keeping cash at home
- C) Banks are less safe than keeping cash at home
- D) Banks provide no benefits over keeping cash at home

Answer: B) Banks offer safety, interest earnings, and easy access to funds compared to keeping cash at home

Q3. Which of the following is a banking product used to withdraw cash and make payments electronically?

- A) A physical passbook alone
- B) ATM Card
- C) A fixed deposit certificate is a different product
- D) A paper cheque alone is a different instrument

Answer: B) ATM Card

Q4. Which of the following is a domestic payment card scheme developed in India, mentioned in the syllabus?

- A) Only cheques are used in India
- B) Only cash payments are used in India
- C) Only international card schemes exist, no domestic option

D) RuPay Card

Answer: D) RuPay Card

Q5. Which of the following is a banking instrument used to make a written payment order to a bank?

- A) ATM Card is a plastic card, not a written instrument
- B) Cheque
- C) RuPay Card is a plastic card, not a written instrument
- D) Currency Notes are physical cash, not a written order

Answer: B) Cheque

Q6. Which of the following is a banking instrument that guarantees payment to a specified recipient, issued by a bank?

- A) ATM Card is a plastic card, not this type of prepaid instrument
- B) Demand Draft (DD)
- C) RuPay Card is a plastic card, not this instrument
- D) Currency Notes are physical cash, not this specific banking instrument

Answer: B) Demand Draft (DD)

Q7. Which of the following are examples of 'Banking Services Delivery Channels'?

- A) Branch banking, ATM, Mobile Banking, and Internet Banking
- B) Only postal mail is used for banking services
- C) Only physical branch visits are available
- D) Only phone calls are used for banking services

Answer: A) Branch banking, ATM, Mobile Banking, and Internet Banking

Q8. Which of the following is the correct full form of KYC?

- A) Key Your Credentials
- B) Know Your Cheque

- C) Keep Your Cash
- D) Know Your Customer

Answer: D) Know Your Customer

Q9. Which of the following describes the purpose of KYC (Know Your Customer)?

- A) A process that has no legal or regulatory basis
- B) Only for marketing purposes with no verification
- C) Verifying customer identity to prevent fraud and comply with regulations before providing banking services
- D) Only required for large corporations, never individuals

Answer: C) Verifying customer identity to prevent fraud and comply with regulations before providing banking services

Q10. Which of the following documents are commonly required to open a bank account (as part of KYC)?

- A) Only a social media account
- B) Only an email address
- C) Only a mobile phone number
- D) Identity proof (like Aadhaar/PAN) and address proof

Answer: D) Identity proof (like Aadhaar/PAN) and address proof

Q11. Which of the following are common 'Types of Bank Accounts' mentioned in the syllabus?

- A) Only accounts for government employees exist
- B) Savings Account and Current Account
- C) Only accounts for businesses exist
- D) Only one universal account type exists

Answer: B) Savings Account and Current Account

Q12. Which of the following describes 'Remittances' as a bank service?

- A) Only cash withdrawal at ATMs
- B) Only receiving physical cheques
- C) Only opening new bank accounts
- D) Transferring money from one person or place to another, often across banks or locations

Answer: D) Transferring money from one person or place to another, often across banks or locations

Q13. Which of the following describes a bank 'Loan' service?

- A) Money only used for currency exchange
- B) Money only for opening a savings account
- C) Free money given by the bank with no repayment
- D) Borrowing money from the bank to be repaid with interest over time

Answer: D) Borrowing money from the bank to be repaid with interest over time

Q14. Which of the following describes 'Mobile Banking' as a banking service?

- A) Only visiting a physical bank branch
- B) Only using landline phone calls for banking
- C) Performing banking transactions using a smartphone app
- D) Only using postal mail for banking

Answer: C) Performing banking transactions using a smartphone app

Q15. Which of the following describes an 'Overdraft' facility?

- A) A type of insurance policy
- B) A facility that blocks all withdrawals from an account
- C) A facility available only for fixed deposits
- D) Allowing account holders to withdraw more money than their account balance, up to an approved limit

Answer: D) Allowing account holders to withdraw more money than their account balance, up to an approved limit

Q16. Which of the following describes a bank 'Pension' service?

- A) A type of debit card
- B) Regular payments made to individuals, often after retirement, through their bank account
- C) A type of cheque book
- D) A one-time loan disbursement

Answer: B) Regular payments made to individuals, often after retirement, through their bank account

Q17. Which of the following describes 'Insurance' as covered in the Digital Financial Services module?

- A) A financial product providing protection against specified risks/losses in exchange for premium payments
- B) A type of savings account only
- C) A type of loan only

D) A type of debit card only

Answer: A) A financial product providing protection against specified risks/losses in exchange for premium payments

Q18. Which of the following government scheme promotes financial inclusion through zero-balance bank accounts in India?

- A) Pradhan Mantri Suraksha Bima Yojana focuses on insurance, not account opening
- B) Atal Pension Yojana focuses on pension, not account opening
- C) Pradhan Mantri Jan Dhan Yojana (PMJDY)
- D) Pradhan Mantri Mudra Yojana focuses on loans, not account opening

Answer: C) Pradhan Mantri Jan Dhan Yojana (PMJDY)

Q19. Which of the following is a recommended practice for 'password security' related to digital banking?

- A) Sharing passwords with friends and family for convenience
- B) Using the same simple password for all accounts
- C) Writing passwords on a note attached to the ATM card
- D) Keeping passwords/PINs confidential and not sharing them with anyone

Answer: D) Keeping passwords/PINs confidential and not sharing them with anyone

Q20. Which of the following is a recommended safe practice while using an ATM for cash withdrawal?

- A) Writing the PIN on the back of the ATM card
- B) Leaving the ATM card unattended at the machine
- C) Covering the keypad while entering the PIN and checking for suspicious devices
- D) Sharing your PIN with anyone standing nearby

Answer: C) Covering the keypad while entering the PIN and checking for suspicious devices

Q21. Which of the following is a government-backed pension scheme for the unorganized sector, mentioned in the syllabus?

- A) Pradhan Mantri Mudra Yojana focuses on business loans
- B) Pradhan Mantri Jan Dhan Yojana focuses on bank account access
- C) Atal Pension Yojana (APY)

D) RuPay Card is a payment card, not a pension scheme

Answer: C) Atal Pension Yojana (APY)

Q22. Which of the following is a government-backed accidental insurance scheme mentioned in the syllabus?

- A) Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- B) Pradhan Mantri Jan Dhan Yojana focuses on bank account access
- C) Atal Pension Yojana focuses on pension
- D) Pradhan Mantri Mudra Yojana focuses on business loans

Answer: A) Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Q23. Which of the following is a government-backed life insurance scheme mentioned in the syllabus?

- A) RuPay Card is a payment card, not an insurance scheme
- B) Atal Pension Yojana focuses on pension
- C) Pradhan Mantri Mudra Yojana focuses on business loans
- D) Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Answer: D) Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Q24. Which of the following is a government scheme providing loans to small and micro enterprises, mentioned in the syllabus?

- A) Pradhan Mantri Suraksha Bima Yojana focuses on accidental insurance
- B) Pradhan Mantri Jeevan Jyoti Bima Yojana focuses on life insurance
- C) Atal Pension Yojana focuses on pension
- D) Pradhan Mantri Mudra Yojana (PMMY)

Answer: D) Pradhan Mantri Mudra Yojana (PMMY)

Q25. Which of the following best describes the objective of the Application of Digital Financial Services module as stated in the syllabus?

- A) To understand internet banking, financial services, banking products, and government social security schemes
- B) To learn only word processing skills
- C) To learn only database queries
- D) To learn only presentation design

Answer: A) To understand internet banking, financial services, banking products, and government social security schemes

Q26. Which of the following describes 'Prepaid Card' as a type of payment card relevant to Digital Financial Services?

- A) A card loaded with a fixed amount of money in advance, used until the balance is exhausted
- B) A card that only works offline
- C) A card that requires no balance at all
- D) A card linked directly to a bank account with unlimited balance

Answer: A) A card loaded with a fixed amount of money in advance, used until the balance is exhausted

Q27. Which of the following is the correct term for the process of verifying a customer's identity before providing banking/financial services, often called KYC?

- A) One Time Password (OTP)
- B) Point of Sale (PoS)
- C) Know Your Customer (KYC)
- D) Quick Response (QR)

Answer: C) Know Your Customer (KYC)

Q28. Which of the following document is commonly required for completing KYC for opening a bank account or digital wallet?

- A) Only an email ID
- B) Only a social media account
- C) Aadhaar Card/PAN Card (identity proof)
- D) Only a mobile phone

Answer: C) Aadhaar Card/PAN Card (identity proof)

Q29. Which of the following term describes moving money from a digital wallet back to a linked bank account?

- A) Recharge only refers to mobile recharge
- B) Deposit only refers to adding money
- C) Refund only refers to returned purchases
- D) Withdrawal/Transfer to Bank

Answer: D) Withdrawal/Transfer to Bank

Q30. Which of the following describes the purpose of 'Auto-Debit' or 'e-Mandate' for recurring payments like EMIs or subscriptions?

- A) Blocking all recurring payments
- B) Only applicable to cash payments

- C) Requiring manual payment every single time
- D) Automatically deducting a fixed payment from a linked account/card at scheduled intervals

Answer: D) Automatically deducting a fixed payment from a linked account/card at scheduled intervals

Q31. Which of the following describes 'Micro-ATM' relevant to financial inclusion in rural areas?

- A) A small device used by banking correspondents to provide basic banking services in remote/rural areas using Aadhaar/biometrics
- B) A very small physical ATM machine identical to regular ATMs
- C) A device only used for printing documents
- D) A device only used for internet browsing

Answer: A) A small device used by banking correspondents to provide basic banking services in remote/rural areas using Aadhaar/biometrics

Q32. Which of the following describes the purpose of a 'Demand Draft (DD)' more specifically as a banking instrument?

- A) A type of digital wallet
- B) A type of UPI transaction
- C) A type of QR code
- D) A prepaid financial instrument issued by a bank guaranteeing payment to a specified recipient

Answer: D) A prepaid financial instrument issued by a bank guaranteeing payment to a specified recipient

Q33. Which of the following statement about Credit Card interest is generally TRUE?

- A) Debit cards charge more interest than credit cards
- B) Unpaid credit card balances typically accrue interest if not paid in full by the due date
- C) Credit cards never charge any interest under any circumstance
- D) Interest is charged only on debit cards

Answer: B) Unpaid credit card balances typically accrue interest if not paid in full by the due date

Q34. Which of the following describes a 'Credit Score/CIBIL Score' relevant to loan and banking product eligibility?

- A) A numerical representation of a person's creditworthiness based on their credit history
- B) A type of OTP

- C) A type of UPI ID
- D) A type of bank account number

Answer: A) A numerical representation of a person's creditworthiness based on their credit history

Q35. Which of the following action generally helps improve a credit score over time?

- A) Missing payments regularly
- B) Applying for many loans at once unnecessarily
- C) Ignoring credit reports entirely
- D) Paying bills and EMIs on time consistently

Answer: D) Paying bills and EMIs on time consistently

Q36. Which of the following describes the term 'Overdraft Facility' linked to a bank account, as covered in this module?

- A) Allowing account holders to withdraw more money than their account balance, up to an approved limit
- B) A facility that blocks all withdrawals
- C) A facility available only for savings accounts with zero balance rules
- D) A type of fixed deposit

Answer: A) Allowing account holders to withdraw more money than their account balance, up to an approved limit

Q37. Which of the following is a common reason a digital banking transaction might fail?

- A) The bank app is too popular
- B) Insufficient balance, incorrect PIN, or network issues
- C) Too many people are using the bank overall
- D) The date is a public holiday and all digital services stop

Answer: B) Insufficient balance, incorrect PIN, or network issues

Q38. Which of the following describes the term 'Financial Literacy' as it relates to the objective of this module?

- A) Only knowing how to use a calculator
- B) Only knowing how to browse social media
- C) Only knowing how to type documents
- D) Understanding financial services, schemes, and making informed financial decisions

Answer: D) Understanding financial services, schemes, and making informed financial decisions

Q39. Which of the following describes 'Passbook' in traditional/digital banking as mentioned in this module?

- A) A type of ATM card
- B) A type of UPI app
- C) A record of all transactions made in a bank account over time
- D) A type of OTP generator

Answer: C) A record of all transactions made in a bank account over time

Q40. Which of the following describes 'Digital Payment Adoption' benefits for the overall economy, relevant to this module?

- A) Has no impact on the economy at all
- B) Reduces dependency on cash, increases transparency, and supports financial inclusion
- C) Only benefits large corporations
- D) Increases the use of cash exclusively

Answer: B) Reduces dependency on cash, increases transparency, and supports financial inclusion

Q41. Which of the following term describes fraudulent calls/messages pretending to be from a bank asking for OTP or PIN?

- A) Vishing/Smishing bank fraud
- B) A type of antivirus alert
- C) A type of UPI feature
- D) Legitimate bank communication always

Answer: A) Vishing/Smishing bank fraud

Q42. Which of the following is the safest response if a caller claiming to be from your bank asks for your OTP or PIN?

- A) Refuse to share it, as banks never ask for OTP/PIN over calls
- B) Share it after verifying their name only
- C) Share it immediately since they claim to be from the bank
- D) Share it only if they sound convincing

Answer: A) Refuse to share it, as banks never ask for OTP/PIN over calls

Q43. Which of the following describes 'Types of Insurance' as a broad topic covered in this module?

- A) Categories of insurance like life, health, and accidental insurance offering different types of protection
- B) A term unrelated to the Digital Financial Services module

- C) Only a single universal type of insurance exists
- D) Insurance unrelated to any financial protection

Answer: A) Categories of insurance like life, health, and accidental insurance offering different types of protection

Q44. Which of the following describes the purpose of 'Banking Instruments' like Cheque and Demand Draft, as covered in this module?

- A) Only applicable to international transactions, never domestic
- B) Eliminating the need for any banking system involvement
- C) Providing formal, traceable methods for transferring money through the banking system
- D) Providing informal, untraceable cash-only alternatives

Answer: C) Providing formal, traceable methods for transferring money through the banking system

Q45. Which of the following describes 'Banking Products' like ATM card and RuPay Card, as covered in this module?

- A) Only insurance policies
- B) Financial tools/instruments offered by banks for account access and payments
- C) Only physical currency notes
- D) Products unrelated to banking services

Answer: B) Financial tools/instruments offered by banks for account access and payments

Q46. Which of the following best explains the connection between PMJDY and financial inclusion goals?

- A) PMJDY eliminates the need for any bank accounts
- B) PMJDY only applies to wealthy individuals
- C) PMJDY aims to provide universal access to banking services, including zero-balance accounts, for financial inclusion
- D) PMJDY is unrelated to financial inclusion

Answer: C) PMJDY aims to provide universal access to banking services, including zero-balance accounts, for financial inclusion

Q47. Which of the following describes the purpose of 'password security and ATM withdrawal' precautions as covered in this module?

- A) Protecting PINs/passwords during transactions to prevent fraud and unauthorized withdrawals

- B) Ignoring ATM security precautions entirely
- C) Sharing passwords openly to make transactions easier
- D) Writing PINs directly on the ATM card for convenience

Answer: A) Protecting PINs/passwords during transactions to prevent fraud and unauthorized withdrawals

Q48. Which of the following best summarizes the overall objective of the Application of Digital Financial Services module?

- A) To learn only presentation design
- B) To learn only word processing skills
- C) To understand internet banking, financial services, banking products, and government social security schemes
- D) To learn only database queries

Answer: C) To understand internet banking, financial services, banking products, and government social security schemes

Q49. Which of the following describes why understanding 'Types of bank accounts' matters for effective personal financial management?

- A) Different account types (savings, current, etc.) serve different purposes and offer different features/benefits
- B) Understanding account types has no practical financial benefit
- C) Only businesses need to understand different account types, not individuals
- D) All bank account types are functionally identical with no differences

Answer: A) Different account types (savings, current, etc.) serve different purposes and offer different features/benefits

Q50. Which of the following describes why 'Bank's services including remittances, loan, mobile banking, Overdraft, Pension' are grouped together in this module?

- A) Only loans are relevant to personal banking; other services are not
- B) They represent a range of common banking services individuals should be aware of for effective financial management
- C) These services are entirely unrelated to each other and to banking
- D) This grouping has no educational purpose in a Digital Financial Services module

Answer: B) They represent a range of common banking services individuals should be aware of for effective financial management

Q51. Which of the following describes the connection between understanding 'Types of Insurance' and broader digital financial literacy goals?

- A) Only banking products matter for financial literacy; insurance is irrelevant
- B) Insurance is entirely unrelated to financial literacy or digital financial services
- C) Understanding insurance types has no practical benefit for individuals
- D) Insurance is an important financial protection tool that complements banking and savings knowledge

Answer: D) Insurance is an important financial protection tool that complements banking and savings knowledge

Q52. Which of the following describes why government schemes like PMJDY, APY, PMSBY, PMJJBY, and PMMY are grouped together in this module's syllabus?

- A) Only PMJDY is relevant; the other schemes are irrelevant to this module
- B) These schemes are entirely unrelated government programs with no common theme
- C) This grouping serves no educational purpose in a financial services module
- D) They represent key social security and financial inclusion initiatives citizens should be aware of and can benefit from

Answer: D) They represent key social security and financial inclusion initiatives citizens should be aware of and can benefit from