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1. Which of the following best describes "Correspondent Banking"?
- A. A bank that only handles domestic retail transactions.
 - B. A relationship between two banks which have mutual accounts with each other or one having an account with the other.
 - C. A bank that only provides loans to other banks.
 - D. A regulatory body that oversees international trade.

Answer: B

2. Which of these is NOT listed as a function of a Correspondent Bank?

- A. Clearing House Functions.
- B. Investment Services.
- C. Letter of Credit Advising.
- D. Granting personal home loans to local residents.

Answer: D

3. What does "NOSTRO Account" literally mean?

- A. Your account with us.
- B. His account with them.
- C. Our account with you.
- D. Their account with us.

Answer: C

4. A "VOSTRO Account" is maintained in which currency?

- A. Foreign Currency.
- B. Indian Currency.
- C. Only US Dollars.
- D. Only Euros.

Answer: B

5. Which account is described as a "Reflection or Shadow" of a NOSTRO account used for reconciliation?

- A. LORO Account.
- B. Vostro Account.
- C. Mirror Account.
- D. RFC Account.

Answer: C

6. What does the acronym SWIFT stand for?

- A. System for Wide Interbank Financial Transfer.
- B. Society for Worldwide Interbank Financial Telecommunication.
- C. Standard World Interbank Fee Transfer.
- D. Society for Western Interbank Fund Telecommunication.

Answer: B

7. Which payment system is operative only in New York and mainly used for Foreign Exchange Interbank Settlements?

- A. Fedwire.
- B. CHAPS.
- C. CHIPS.
- D. TARGET.

Answer: C

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8. Which US payment system has been operated by the Federal Reserve Bank since 1918?

- A. CHIPS.
- B. SWIFT.
- C. Fedwire.
- D. TARGET.

Answer: C

9. CHAPS is the British equivalent to CHIPS. In which city does it handle receipts and payments?

- A. New York.
- B. Frankfurt.
- C. London.
- D. Paris.

Answer: C

10. What is the minimum amount for a transaction to be processed via RTGS in India?

- A. Rs 1,00,000.
- B. Rs 2,00,001.
- C. Rs 5,00,000.
- D. There is no minimum limit.

Answer: B

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