20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **Correspondent banking is a relationship between two banks, not a branch, letting a bank serve customers abroad without a physical presence there.**
The local correspondent acts as the foreign bank's agent for collections, remittances and trade finance, earning fee income, while operating under its own country's law and books.

2. **Nostro means 'our account with you' - our account held with another bank in foreign currency.**
Example: SBI Mumbai's USD account with Citi New York is a Nostro in SBI's books; it is always maintained in foreign currency.

3. **Vostro means 'your account with us' - another bank's account held with us in our local currency (INR).**
Example: Amex Bank New York's INR account with SBI Mumbai is a Vostro in SBI's books, maintained in local currency.

4. **A Mirror account is the internal shadow of a Nostro and is maintained in TWO currencies - the foreign currency plus the home currency.**
The home-currency leg lets the bank value the Nostro in its general ledger and reconcile entries daily.

5 **A Special Rupee Vostro Account (SRVA) is used to invoice and settle international trade in INR, and from May 2026 may be opened without prior RBI approval.**
SRVA balances are freely repatriable, usable for permissible current/capital transactions, and surplus may be invested in T-bills, G-secs, NCDs/bonds and commercial papers.

6 **SWIFT is a Brussels-based cooperative society that provides secure financial messaging only - it is not a clearing or settlement system.**
Owned by member banks, headquartered at La Hulpe, Brussels, and available 24 hours a day, 365 days a year; actual settlement happens in systems like CHIPS or Fedwire.

7 **SWIFT counterparty authorisation now runs on the Relationship Management Application (RMA), successor to the Bilateral Key Exchange retired on 1 January 2009.**
Key management now rides on SWIFT's PKI; RMA replaced the legacy BKE method for managing counterparty authorisation.

8 **From November 2026 (operationally 14 November 2026), every SWIFT cross-border payment must carry a structured or hybrid postal address or be rejected.**
The ISO 20022 migration for cross-border payments completed on 22 November 2025; free-text-only addresses will be rejected under Standards Release 2026.

9 **Fedwire is the US Federal Reserve's RTGS, operating since 1918 and forming the backbone of US domestic large-value payments.**

It settles each large-value USD payment in real time on a gross basis, distinct from the privately operated CHIPS.

10 **CHIPS is the largest US private-sector system, operating since 1970 and using multilateral net settlement of large-value USD payments.**

CHIPS stands for Clearing House Interbank Payments System and complements the Fed's Fedwire RTGS.

11 **CHAPS is the UK's sterling large-value payment system, operated by the Bank of England.**

It handles GBP large-value payments and is distinct from the euro-area T2 and the US CHIPS/Fedwire systems.

12 **T2 is the Eurosystem's RTGS for the euro and replaced TARGET2 on 20 March 2023, running on ISO 20022.**

The old decentralised TARGET and Germany's RTGS-plus were absorbed into TARGET2 back in 2007-08 before T2 took over.

13 **Indian RTGS has a customer minimum of Rupees 2,00,000 with no upper cap, and runs 24x7x365 since 14 December 2020 on a Y-model architecture.**

It settles each transaction individually on a gross basis in real time, so a payment above Rs 2 lakh can be made even late on a Sunday.

14 **NEFT uses deferred net settlement in 48 half-hourly batches, has no minimum or maximum system limit, and runs 24x7x365 since 16 December 2019.**

Online NEFT has been free for savings customers since 1 January 2020; unlike RTGS it settles in timed batches rather than real time.

15 **Under FEMA, a person resident outside India is one who stayed in India for 182 days or less during the preceding financial year.**

NRI status is primarily residency-based, not a visa status; Indian students abroad are also treated as NRIs, and only India-earned income is taxable in India.

16 **A person registered as an OCI for 5 years and ordinarily resident in India for 12 months before applying may apply for Indian citizenship.**

This path is under Section 5(1)(g) of the Citizenship Act, 1955; citizens or former citizens of Pakistan or Bangladesh are excluded from OCI.

17 **NRE accounts are INR-denominated, fully repatriable with no ceiling, and their interest is fully exempt from income tax.**

NRE term-deposit tenor is 1 to 3 years (longer per bank ALM at the 3-year rate); foreign currency deposited is converted to INR at credit.

18 **NRO balances are repatriable only up to USD 1 million per financial year, per account holder, post-tax, with interest taxed at 30% TDS.**

The unused USD 1 million limit lapses with no carry-forward; the account manages India-earned income like rent, dividend, pension and interest.

19 **FCNR(B) is held in permitted foreign currency as term deposits of 1 to 5 years, repaid in the deposit currency so the depositor bears no exchange-rate risk.**

Recurring deposits are not permitted; interest is exempt from income tax and computed on a 360-day year compounded half-yearly at 180-day intervals.

20 **From 1 April 2025 banks must let RTGS/NEFT remitters verify the beneficiary's name from account number plus IFSC before sending, free of charge.**

It is a pre-transaction verification facility per the RBI directive of 30 December 2024; the system amount limits themselves are unchanged.