20 True or False

Decide, then check the answer and reason below each statement.

Question 1

Small finance banks were introduced into the Indian banking structure in 2015.

TRUE

The RBI added SFBs as a distinct bank category in 2015 to boost financial inclusion.

Question 2

The RBI granted the first small finance bank licences to 10 applicants in 2015.

TRUE

This batch of 2015 licences launched India's small finance bank segment.

Question 3

Small finance banks are permitted to accept deposits and lend money.

TRUE

SFBs are full-service banks that both take deposits and extend loans.

Question 4

Payments banks are not allowed to lend money to customers.

TRUE

Payments banks can accept deposits and offer payment services but cannot grant loans.

Question 5

Small finance banks must maintain SLR and CRR ratios set by the RBI.

TRUE

SFBs are regulated banks and must observe the same statutory liquidity and reserve ratios.

Question 6

SFBs are required to maintain a minimum branch presence in unbanked rural centres.

TRUE

RBI norms require SFBs to locate a meaningful share of branches in unbanked rural areas.

Question 7

With RBI permission, small finance banks can sell insurance and mutual fund products.

TRUE

Licensed SFBs can distribute third-party insurance, mutual fund, and pension products.

Question 8

SFBs mainly target small farmers, micro-enterprises, and low-income households.

TRUE

Their core mandate is serving groups underserved by mainstream commercial banks.

Question 9

Reputational risk management is one of the risk areas small finance banks must handle.

TRUE

SFBs actively manage reputational risk through trust-building and ethical practices.

Question 10

SFBs use digital and mobile banking platforms to expand their customer reach.

TRUE

Technology adoption helps SFBs serve remote and underserved customers efficiently.

Question 11

Small finance banks were introduced in India in 2005, a decade before payments banks.

FALSE

Small finance banks were introduced in 2015, not 2005.

Question 12

Micro-finance institutions and small finance banks are regulated identically with no structural differences.

FALSE

SFBs are full banks that accept deposits, while MFIs mainly lend micro-credit without taking public deposits.

Question 13

Small finance banks are barred from accepting deposits from the public.

FALSE

SFBs are specifically permitted, and expected, to accept public deposits.

Question 14

Payments banks, not small finance banks, are permitted to grant loans to customers.

FALSE

It is small finance banks that can lend; payments banks cannot grant loans.

Question 15

Small finance banks are exempt from maintaining SLR and CRR requirements.

FALSE

SFBs must maintain SLR and CRR like other scheduled banks regulated by the RBI.

Question 16

Small finance banks operate at a purely national or global scale similar to large commercial banks.

FALSE

SFBs are typically regional and smaller in scale, focused on underserved local markets.

Question 17

Small finance banks are not required to maintain any minimum presence in rural or unbanked areas.

FALSE

SFBs must locate a set share of branches in unbanked rural centres under RBI norms.

Question 18

Credit risk management is unimportant for small finance banks since their customers have strong credit histories.

FALSE

Many SFB customers have thin credit histories, making credit risk management essential.

Question 19

Small finance banks cannot sell any insurance or mutual fund products under any circumstances.

FALSE

With RBI permission and appropriate licensing, SFBs can sell insurance and mutual fund products.

Question 20

Cyber security and data protection are not relevant concerns for small finance banks.

FALSE

SFBs build cyber-security and data-protection frameworks to safeguard digital services.