20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **A Mandate is a simple written authorisation letting an account holder allow another person to operate the account.**
   The Mandate is the simplest and most common authorisation tool used in everyday banking for limited transactions.

2. **A Power of Attorney (POA) is a formal legal document giving an agent authority to act for the principal.**
   A POA carries stronger legal backing and usually needs proper stamping, often notarisation, to be enforceable.

3. **Both a Mandate and a POA end automatically on the death, insanity, or insolvency of the person who granted them.**
   This automatic termination is a frequently tested exam trap in JAIIB PPB Unit 7.

4. **A Mandate is a temporary, limited-power arrangement while a POA usually grants broader, longer-lasting authority.**
   A Mandate suits short delegations like travel or illness, while a POA suits long-term or wide-ranging needs.

5 **A Mandate can be revoked easily by the customer without any legal formalities.**
Unlike a POA, a Mandate needs no legal formalities to cancel, making it a flexible, low-friction tool.

6 **A General Power of Attorney (GPA) grants broad powers across multiple financial, legal or property matters.**
A GPA lets the agent act across many transactions on the principal's behalf, unlike a narrower Special POA.

7 **A Special Power of Attorney (SPA) grants power for one defined purpose only, such as selling one property.**
An SPA restricts the agent's authority to a single named transaction or task, unlike a General POA.

8 **A banker's lien lets a bank retain a customer's securities that lawfully come into its possession until dues are cleared.**
This retention right makes the bank a secured creditor over property lawfully in its possession.

9 **A banker's lien is a general lien, covering the customer's general balance of account, not just one transaction.**
Because it is a general lien, the bank can hold securities against the customer's overall outstanding dues.

10 **The banker's lien is treated as an implied pledge, letting the bank sell retained securities after reasonable notice.**

Being an implied pledge distinguishes a banker's lien from an ordinary lien that only permits retention.

11 **A banker's lien generally does not extend to articles left in safe custody or contents of a safe-deposit locker.**

For locker contents and safe-custody items the bank acts as bailee or lessor, not as a secured lender.

12 **The right of set-off lets a bank adjust a credit balance in one account against a debit in another account of the same customer.**

For example, a bank can set off savings account credit against an overdue loan balance of the same customer.

13 **A garnishee order is a court order directing a bank to freeze a customer's balance and stop paying it out.**

The order legally obliges the bank to withhold payment of the customer's funds pending the court's direction.

14 **In a garnishee order, the bank that receives the order is called the garnishee, and the customer is the judgment debtor.**

These are the standard legal terms used to describe the parties in a garnishee proceeding.

15 **Right of set-off is the bank's own right, while a garnishee order is imposed on the bank by a court.**
Distinguishing the bank's own set-off right from a court-imposed garnishee order is a classic JAIIB question.

16 **Banks must verify the identity and genuineness of a Mandate or POA before allowing an agent to operate the account.**
Verifying signatures and, for a POA, checking stamping and scope protects both the bank and the customer.

17 **An agent acting under a Mandate or POA may transact only within the powers specifically granted, not beyond them.**
Acting beyond the powers granted in a Mandate or POA exposes the bank to liability.

18 **On notice of death, insanity, insolvency or revocation, a bank must immediately stop honouring transactions under that authority.**
Prompt action on trigger events prevents unauthorised transactions after the principal's death or incapacity.

19 **Generally individuals issue Mandates, while institutions typically act through board resolutions or formal POAs instead.**
Large institutions usually rely on board resolutions or POAs rather than simple Mandates.

20 **Mandate, POA, banker's lien, set-off and garnishee order form the core of PPB Unit 7 on the banker's special relationship.**

These five concepts are the reliable, high-scoring core of PPB Unit 7 in the JAIIB exam.