



RBWM — Retail Banking & Wealth Management

Complete Book | Table of Contents | 30 chapters + 4 sections

Module A — Introduction to Retail Banking

CH-1	Retail Banking an Introduction	2
CH-2	Role Within the Bank Operations	4
CH-3	Applicability of Retail Banking Concepts	5
CH-4	Branch Profitability	8

Module B — Retail Products and Recovery

CH-5	Customer Requirement	11
CH-6	Product Development Process	12
CH-7	Credit Scoring	16
CH-8	Important Retail Liability Products	19
CH-9	Retail Asset Products	23
CH-10	Credit Cards and Debit Cards	27
CH-11	Remittance Products	31
CH-12	Digitisation of Retail Banking Products	34
CH-13	Role of AI and Technology in Retail Banking	36
CH-14	Recovery of Retail Loans	39
CH-15	Management Information System	43
CH-16	Securitization of Assets	47

Module C — Support Services – Marketing of Banking Services/Products

CH-17	Marketing an Introduction	50
CH-18	Delivery Channels in Retail Banking	52
CH-19	Delivery Models	57
CH-20	Customer Relationship Management in Retail Banking	59
CH-21	Service Standards for Retail Banking	61
CH-22	Marketing Information System	65

Module D — Wealth Management

CH-23	Importance of Wealth Management	67
CH-24	Investment Management	71
CH-25	Tax Planning	74
CH-26	Other Financial Services Provided by Banks	81
CH-27	Lender Appraisal Procedure	85
CH-28	Housing Finance and Tax Planning	89
CH-29	Mortgage Advice	91
CH-30	Valuation of Real Property	93

Additional Resources

—	Case Studies — Module A — Introduction to Retail Banking	95
—	Case Studies — Module B — Retail Products and Recovery	98
—	Case Studies — Module C — Support Services – Marketing of Banking Services/Products	113
—	Case Studies — Module D — Wealth Management	118

CH-1

Retail Banking an Introduction

Topic 1 — Retail Banking

- **Meaning** — Retail banking serves **individual customers** and **small businesses**.
- **Needs met** — It covers everyday needs: **savings accounts, personal loans, mortgages and credit cards**.
- **Delivery** — Services reach customers through **branches, online platforms and mobile apps**.

Feature	What it means
Target customer	Targeted at individual customers
Market	Focused on the mass market segment covering a large population of individuals
Delivery model	Both physical and virtual — branches plus technology-driven off-site channels like ATMs, Internet Banking and Mobile Banking
Extension	Services are also extended to small and medium-sized businesses

Topic 2 — Advantages and Constraints of Retail Banking

Advantages	Constraints
Large client base, so risk is spread across customers	Problems in managing large numbers of clients
Strong customer loyalty	Rapid evolution of products leads to IT complications
Attractive interest income as spreads are wide	High cost of maintaining branch networks
Credit risk well diversified	Highly regulated environment
Less volatility in demand and credit cycle than large corporates	Need to invest in modern technology infrastructure for efficient and secure services

Topic 3 — Prerequisites for Success of Retail Banking

Prerequisite	Key points
Efficient delivery mechanism	Seamless and convenient access through a network of branches, ATMs, online platforms and mobile apps , so customers can interact, transact and access services in time
Direct banking	Services provided directly through digital channels without physical branches. It is the fastest growing and dominant channel in retail banking due to convenience, accessibility and cost-effectiveness
Product appropriateness	Suitability and relevance of products to the needs and preferences of target customers . Appropriate products raise satisfaction, adoption and profitability
Pricing	Competitive pricing that balances customer value and profitability , considering market conditions, cost structure, competitor pricing and customer perception of value
Scoring models for creditworthiness	Evaluate applicants on credit history, credit score and income . Decide approval, interest rate and loan terms . Keep credit risk and portfolio health under control
Consumer protection environment	Regulatory frameworks that ensure fair practices, transparency and accountability , give customers recourse in disputes, guard against fraud and build trust

Consumer protection mechanisms

- **Ombudsman** — If not resolved in **30 days**, the customer approaches the **Reserve Bank – Integrated Ombudsman Scheme, 2026**, within **90 days**.
- **Compensation** — Up to **₹30 lakh** for consequential loss. Up to **₹3 lakh** more for harassment and mental anguish.
- **Deposit insurance** — **DICGC** covers deposits up to **₹5 lakh** per depositor per bank.
- **See** — Ch 21 (p. 61) for the grievance mechanism and the full Ombudsman Scheme.

Topic 4 — Reasons for the Growth of Retail Banking

Driver	How it helps
Rise of young Indian professionals	Higher disposable incomes , aspirational lifestyles and need for varied banking services
Growth as an economic superpower	More individuals seek banking to manage finances, save, invest and participate in the economy
Financial market reforms	Promoted competition and innovation in banking
Volume-driven business	High volume of transactions adds to growth and profitability
Automation of banking processes	Streamlined operations and improved efficiency
Easy and affordable access	Expansion of branch and ATM networks and online and mobile platforms
Changing consumer demographics	Urbanisation , a growing middle class and changing preferences

Topic 5 — Future of Retail Banking

Trend	Key points
Growth in digital banking	Increasing adoption of digital technologies so customers can access and manage accounts and transactions remotely
Blockchain	A distributed ledger kept on many computers (nodes), each block linked to the previous one. It cannot be changed without network consensus
AI and data science	Computer systems performing tasks that need human intelligence. In banking they automate processes, improve decisions, enhance customer experience and detect patterns or anomalies (e.g. fraud)
Cyber security as top priority	Protecting systems, networks, software and data from digital threats. Aims at the confidentiality, integrity and availability (CIA) of IT resources
Payment innovations	New technologies and methods (e.g. UPI , contactless cards, wallets) that improve efficiency, convenience and security of payments, streamline operations and match evolving preferences
Rise of Big Tech	Technology firms (e.g. Apple, Google, Samsung, PayPal, Stripe) offer payment services and are expanding into banking-type offerings, increasing competition for banks

- **See** — Ch 13 (p. 36) for blockchain and AI applications in banking.

Remember this

- Cyber security triad = **CIA**: Confidentiality, Integrity, Availability.

Topic 6 — Evolution of Retail Banking

- **Start** — Retail banking began with **branch-based deposits and payments**.
- **Wider relationship** — It grew into a full **household relationship**: savings, credit, remittances and investments.
- **Access** — **Social banking and branch expansion** brought more people into banking.
- **Choice** — **Competition and liberalisation** increased products and customer segmentation.
- **Core Banking Solution (CBS)** linked branches and enabled **anywhere banking**.
- **ATMs and cards** extended access beyond branch hours, followed by **internet, mobile and instant payment** platforms.
- **Digital is not enough** — Digital onboarding and analytics **cut cost** and improve access. They **do not replace** credit and affordability checks.
- **Controls** — Banks still need operational risk control and fair conduct in collections.
- **Diversification** — Retail loan growth needs **diversified exposure**.
- **Trust** — Trust comes from **clear pricing, reliable service, fraud prevention and quick grievance redress**.
- **Inclusion** — **Branches and business correspondents** continue, so customers who cannot use an app still get essential services.

RBWM | Module A | CH-1 | MCQs

Q1. A bank wants a business segment where credit risk is spread thinly over a very large customer base and demand is less cyclical. Which segment fits best? [Ref: Topic 2, p. 2]

- (a) Corporate banking (b) Retail banking
(c) Investment banking (d) Treasury operations

Q2. Which of the following is a CONSTRAINT rather than an advantage of retail banking? [Ref: Topic 2, p. 2]

- (a) Wide interest spreads
(b) Strong customer loyalty
(c) Cost of maintaining branch networks
(d) Diversified credit risk

Q3. A bank serves customers only through its app and website, with no physical branches. This prerequisite of retail banking success is called: [Ref: Topic 3, p. 2]

- (a) Product appropriateness
(b) Consumer protection environment
(c) Pricing
(d) Direct banking

Q4. Which channel is described as the fastest growing and dominant channel in retail banking? [Ref: Topic 3, p. 2]

- (a) Direct banking (b) Branch banking
(c) Agency banking (d) Correspondent banking

Q5. A bank launches a high-premium investment product for low-income rural savers and adoption is poor. Which prerequisite was ignored? [Ref: Topic 3, p. 2]

- (a) Efficient delivery mechanism (b) Product appropriateness
(c) Scoring models (d) Volume-driven business

Q6. A loan officer uses a model based on credit score, income and past repayment to decide approval and interest rate. This is an example of: [Ref: Topic 3, p. 2]

- (a) Pricing strategy
(b) Consumer protection
(c) Scoring model for creditworthiness
(d) Delivery mechanism

Q7. A customer's complaint is not resolved by the bank within 30 days. Under the Reserve Bank – Integrated Ombudsman Scheme, 2026, the maximum compensation for consequential loss is: [Ref: Topic 3, p. 2]

- (a) ₹10 lakh (b) ₹20 lakh (c) ₹25 lakh (d) ₹30 lakh

Q8. Under the Integrated Ombudsman Scheme, 2026, the maximum compensation for harassment, mental anguish, time and expenses is: [Ref: Topic 3, p. 2]

- (a) ₹3 lakh (b) ₹1 lakh (c) ₹5 lakh (d) ₹50,000

Q9. Which factor in the growth of retail banking relates to increasing urbanisation and a growing middle class? [Ref: Topic 4, p. 2]

- (a) Financial market reforms (b) Volume-driven business
(c) Changing consumer demographics (d) Automation of processes

Q10. In a blockchain, a past transaction cannot be altered retroactively unless: [Ref: Topic 5, p. 3]

- (a) The central administrator approves
(b) The network participants reach consensus
(c) The latest block is deleted
(d) The bank regulator signs it

Q11. Ensuring that only authorised persons can view customer data addresses which element of cyber security? [Ref: Topic 5, p. 3]

- (a) Availability (b) Integrity
(c) Confidentiality (d) Scalability

Q12. A bank uses an AI tool to flag unusual card transactions in real time. The main AI capability used is: [Ref: Topic 5, p. 3]

- (a) Detecting patterns or anomalies in data
(b) Distributed ledger recording
(c) Physical branch expansion
(d) Stand-alone pricing

Q13. Which development first enabled 'anywhere banking' across branches of the same bank? [Ref: Topic 6, p. 3]

- (a) ATMs (b) Core Banking Solution
(c) Credit cards (d) Business correspondents

Q14. Why do banks continue to use branches and business correspondents alongside digital channels? [Ref: Topic 6, p. 3]

- (a) Digital channels are costlier
(b) Regulators ban app-only banks
(c) Branches give higher spreads
(d) Customers unable to use apps can still get essential services

Q15. DICGC deposit insurance protects a depositor up to: [Ref: Topic 3, p. 2]

- (a) ₹1 lakh per account
(b) ₹5 lakh per depositor per bank
(c) ₹10 lakh per depositor across banks
(d) ₹5 lakh per account

Answer key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	b	4	a	7	d	10	b	13	b
2	c	5	b	8	a	11	c	14	d
3	d	6	c	9	c	12	a	15	b

CH-2

Role Within the Bank Operations

Topic 1 — Approaches to Organising Retail Banking

- Approach** — The method a bank uses to organise and manage retail operations.
- Three types** — Strategic Business Unit (SBU), Departmental and Integrated.

Approach	How it works	Key feature
Strategic Business Unit (SBU)	Retail operations organised into separate units or divisions , each focused on a specific customer segment or product line	Each SBU operates independently and owns its strategy, profitability and performance measurement

Approach	How it works	Key feature
Departmental	Operations organised by functional departments — customer service, lending, operations, marketing, risk management	Each department handles one aspect of banking operations
Integrated	Coordinated, holistic approach aligned with the bank's overall business plan and strategy	Functions and processes across the bank work together towards common goals

Remember this

- Three approaches: **SBU – Departmental – Integrated.**

Topic 2 — Business Models of Retail Banking

- Business model** — The framework a bank uses to **earn revenue, deliver value and run operations.**
- Components** — Target market, value proposition, revenue streams, cost structure and distribution channels.

Model	Key points
Traditional branch-based	Built on a network of physical branches where customers open accounts, make transactions and seek advice
Digital banking	Bank operates primarily through digital channels — online platforms, mobile apps and virtual customer support
Direct banking	Operates without physical branches and relies on remote channels, mainly online and telephone banking

RBWM | Module A | CH-2 | MCQs

Q1. A bank creates a separate 'Home Loans' division that sets its own strategy and is measured on its own profit. Which approach is this? [Ref: Topic 1, p. 4]

- (a) Departmental approach
(b) Strategic Business Unit approach
(c) Integrated approach
(d) Direct banking approach

Q2. In which approach is retail banking organised into functional units such as lending, marketing and risk management? [Ref: Topic 1, p. 4]

- (a) Departmental approach (b) SBU approach
(c) Integrated approach (d) Digital banking model

Q3. A bank aligns all functions — sales, credit, operations and IT — towards the common goals of its overall business plan. This is the: [Ref: Topic 1, p. 4]

- (a) SBU approach (b) Departmental approach
(c) Branch-based model (d) Integrated approach

Q4. Which of the following is NOT a component of a retail banking business model? [Ref: Topic 2, p. 4]

- (a) Value proposition (b) Cost structure
(c) Statutory liquidity ratio (d) Distribution channels

Q5. A customer visits a physical branch to open an account and seek investment advice. This reflects the: [Ref: Topic 2, p. 4]

- (a) Digital banking model (b) Traditional branch-based model
(c) Direct banking model (d) SBU approach