

QB365 Question Bank Software Study Materials

Electronic Payment Systems Important 2 Marks Questions With Answers (Book Back and Creative)

12th Standard

Computer Applications

Total Marks : 60

2 Marks

30 x 2 = 60

- 1) Define electronic payment system.

Answer : The term electronic payment refers to a payment made from one bank account to another bank account using electronic methods forgoing the direct intervention of bank employees.

- 2) Distinguish micro electronic payment and macro electronic payment

Answer :

MICRO ELECTRONIC PAYMENT	MACRO ELECTRONIC PAYMENT
It is an on-line payment system designed to allow efficient and frequent payments of small amounts.	It support payments of higher value.
The security of micro electronic payment system is low.	The security of macro electronic payment systems is more rigorous.
Not an expensive cryptographic operations.	Expensive cryptographic operations.

- 3) Explain the concept of e-wallet.

Answer : (i) Electronic wallets (e-wallets) or electronic purses allow users to make electronic transactions quickly and securely over the Internet through smartphones (or) computers.

(ii) The electronic wallet functions almost the same as a physical wallet in term that it holds our money

(iii) Electronic wallets were first recognized as a method for storing money in electronic form, and became popular because It provides a convenient way for online shopping.

- 4) Write a short note on credit card.

Answer : (i) Credit card is an electronic payment system normally used for retail transactions. A credit card enables the bearer to buy goods or services from a vendor, based on the cardholder's promise to the card issuer to payback the value later with an agreed interest.

(ii) Every credit card account has a purchase limit set by the issuing bank or the firm.

- 5) What is Smart card?

Answer : (i) The modern version of card based payment is smart cards. Smart cards along with the regular features of any card based payment system holds a EMV chip. This chip is similar to well-known sim card in appearance but differ in its functionalities.

(ii) Smart cards can be classified into Contact smart cards and Contactless smart cards.

- 6) List the types of micro electronic payments based on its algorithm

Answer : Based on the algorithm used, it is classified into the following categories.

(i) Hash chain based micro electronic payment systems.

(ii) Hash collisions and hash sequences based micro electronic payment systems.

(iii) Shared secrete keys based micro electronic payment systems.

(iv) Probability based micro electronic payment systems.

7) What are Payment cards?

Answer : Payment cards are plastic cards that enable cashless payments. They are simple embossed plastic card that authenticates the card holder on behalf of card issuing company, which allows the user to make use of various financial services.

8) What is credit card payment system?

Answer : Credit card is an electronic payment system normally used for retail transactions.

9) What is Magnetic stripe?

Answer : It is an iron based magnetic material containing encrypted data about the card holder and account number.

10) What is EMV chip?

Answer : It is integrated chip in addition to magnetic stripe to store cardholder's information.

11) What is Hologram?

Answer : Hologram is a security feature that prevents duplication.

12) What algorithm is used for Cryptocurrency?

Answer : Cryptographic algorithm

13) What is Altcoin?

Answer : Altcoins is the collective name for all cryptocurrencies that appeared after Bitcoin.

14) What is Mining?

Answer : The cryptocurrency units are created by the solution of cryptographic tasks called mining.

15) What is another name of mobile banking?

Answer : Net banking or m-banking

16) Who developed Unified Payments Interface (UPI)?

Answer : National Payments Corporation of India (NCPI)

17) What are the problems can we face when we do the transactions of large amount of cash?

Answer : Security and transportation problems arise in cases where large amounts of cash transactions are involved.

18) Define Hologram.

Answer : Hologram is a security feature that prevents duplication. It is a 3-dimensional image formed by interference of light beams.

19) What are the Electronic Payment System?

Answer : These Electronic Payment systems are used in view of tendering cash in domestic and international transactions.

20) How can we use ECS?

Answer : ECS can be used for both credit and debit purposes i.e. for making bulk payments or bulk collection of amounts.

21) Define E-cash.

Answer : Electronic cash is (E-Cash) is a currency that flows in the form of data. It converts the cash value into a series of encrypted sequence numbers and uses the serial numbers to represent the market value of various currencies in reality.

22) Write the concept of Bitcoin.

Answer : The term cryptocurrency began to be used after the appearance of the Bitcoin. Bitcoin is the most popular and the first decentralized cryptocurrency.

23) Define the term Brick and mortar.

Answer : The term that refers to a business that has a physical store; opposite of online store.

24) What is Double spend?

Answer : A type of fraud where same cryptocurrency is spent in more than one transactions.

25) What is a credit card network?

Answer : It acts as the intermediate between the banks. The Company responsible for communicating the transaction between the acquirer and the credit card issuer. These entities operate the networks that process credit card payments worldwide and levy interchange fees. Example: Visa, MasterCard, Rupay.

26) Name the classification of smart card.

Answer : Smart cards can be classified into Contact smart cards and Contactless smart cards.

27) What is the importance of IFSC?

Answer : Indian Financial System Code (IFSC) is an 11 digit alpha-numeric code issued by Reserve Bank of India to uniquely identify individual bank's branch in India. It is used for domestic e-payments. SWIFT code is used for international bank transactions.

28) What are the two types of address used by UPI applications?

Answer : UPI applications use two types of address-global and local.

(i) Global address includes bank account numbers and IFSC.

(ii) Local address is a virtual payment address.

29) How the payment system can be divided?

Answer : Payment system can also be divided into two types, namely the cash payment system and the non-cash payment system based on the instruments used. In the cash payment system, the instruments used are in the form of currency (paper money and coins) while in the non-cash payment system the instruments used are card-based payment, Cheques or electronic money.

30) What is POS?

Answer : (POS) Point of Sale Terminal- It enables customers to make payment for purchase of goods and services by means of credit and debit cards. To facilitate customer convenience some banks also cash withdrawal using debit cards at POS terminals.