

01	A	B	C	D	E
02	A	B	C	D	E
03	A	B	C	D	E
04	A	B	C	D	E
05	A	B	C	D	E
06	A	B	C	D	E
07	A	B	C	D	E
08	A	B	C	D	E
09	A	B	C	D	E
10	A	B	C	D	E
11	A	B	C	D	E
12	A	B	C	D	E
13	A	B	C	D	E

14	A	B	C	D	E
15	A	B	C	D	E
16	A	B	C	D	E
17	A	B	C	D	E
18	A	B	C	D	E
19	A	B	C	D	E
20	A	B	C	D	E
21	A	B	C	D	E
22	A	B	C	D	E
23	A	B	C	D	E
24	A	B	C	D	E
25	A	B	C	D	E
26	A	B	C	D	E

27	A	B	C	D	E
28	A	B	C	D	E
29	A	B	C	D	E
30	A	B	C	D	E
31	A	B	C	D	E
32	A	B	C	D	E
33	A	B	C	D	E
34	A	B	C	D	E
35	A	B	C	D	E
36	A	B	C	D	E
37	A	B	C	D	E
38	A	B	C	D	E
39	A	B	C	D	E

PRACTICE QUESTIONS

Fitch Learning (formerly Moody's Analytics)

RB3E

Retail Banking III Exam

EDITION

Demo

QUESTIONS

9

FORMAT

Limited Edition PDF

Before you begin

What this is

9 practice questions for Fitch Learning (formerly Moody's Analytics) **RB3E**, each with its answer key and an explanation. Answer a question before you read its key — the explanation is worth more once you have committed.

If something looks wrong

Send us three things and we will check it:

- the exam code, **RB3E**
- the question number
- the email address on your order

Write to **support@mometrix.net**. We reply within one business day.

QUESTION 1

MULTIPLE CHOICE

Which of the following are core characteristics of retail banking products? (Choose two.)

- ☒ **A** Products are typically standardised and offered on a mass-market basis
- ☐ **B** Each product is individually tailored to the financial needs of a single corporate client
- ☒ **C** Customer relationships are generally transaction-driven rather than advisory
- ☐ **D** Pricing is negotiated bilaterally between the bank and each large institutional counterparty

ANSWER A - C

WHY Retail banking products are characterised by their standardised, mass-market nature and by relationships that are predominantly transaction-driven rather than bespoke or advisory. Tailored products and bilaterally negotiated pricing are hallmarks of wholesale/corporate banking, not retail banking.

QUESTION 2

MULTIPLE CHOICE

Which of the following are demand deposits? (Choose two.)

- ☒ **A** Current (checking) accounts
- ☐ **B** Fixed-term time deposits with a 12-month maturity
- ☒ **C** Savings accounts accessible on demand
- ☐ **D** Certificates of deposit (CDs) with a notice period

ANSWER A - C

WHY Demand deposits are repayable on the customer's request without notice or penalty. Current (checking) accounts and standard savings accounts fall into this category. Fixed-term deposits and CDs are time deposits, not demand deposits, because they have a fixed maturity or notice period.

QUESTION 3

SINGLE CHOICE

Which retail loan product is typically secured against a residential property?

- ☐ A Personal loan
- ☐ B Credit card balance
- ☒ C Mortgage loan
- ☐ D Overdraft facility

ANSWER C

WHY A mortgage loan is specifically a loan secured by residential or commercial real estate; the property serves as collateral. Personal loans, credit card balances and overdrafts are generally unsecured.

QUESTION 4

SINGLE CHOICE

Which Basel framework accords a preferential risk weight to retail exposures held by banks?

- ☒ A The standardised approach for credit risk under Basel II/III
- ☐ B The internal ratings-based (IRB) approach for sovereign exposures only
- ☐ C The market risk standardised approach
- ☐ D The operational risk basic indicator approach

ANSWER A

WHY Under the Basel II/III standardised approach, qualifying retail exposures receive a preferential (lower) risk weight, typically 75%, reflecting their granular, diversified nature. The IRB approach applies to bank and corporate exposures specifically, while market and operational risk frameworks address different risk categories.

QUESTION 5

SINGLE CHOICE

Which distribution channel involves the customer interacting with the bank through a physical self-service terminal, typically located on or near bank premises?

- ☐ A Internet banking
- ☒ B ATM (Automated Teller Machine)
- ☐ C Mobile banking application
- ☐ D Telephone banking contact centre

ANSWER B

WHY An ATM is a physical self-service terminal used by customers to perform basic banking transactions such as cash withdrawals, deposits and balance enquiries. The other options are electronic or telephony channels rather than physical self-service terminals.

QUESTION 6

SINGLE CHOICE

What is the primary economic function of a retail bank's deposit-gathering franchise?

- ☐ A To create fee income through account servicing charges
- ☒ B To provide a stable, low-cost source of funding for the bank's lending activities
- ☐ C To generate trading revenue through proprietary positions
- ☐ D To act as a custodian for client securities

ANSWER B

WHY Retail deposits are typically a low-cost and stable funding base that banks use to support their lending and investment activities. While fees and ancillary services generate additional income, the principal economic function of gathering retail deposits is to fund the bank's balance sheet.

QUESTION 7

SINGLE CHOICE

Which credit risk characteristic is most strongly linked to the retail lending portfolio compared with wholesale lending?

- ☐ A Low granularity and concentration in a few large borrowers
- ☒ B High granularity and exposure diversification across many small borrowers
- ☐ C Reliance on bilateral covenant packages
- ☐ D Predominantly secured exposures with structured collateral

ANSWER B

WHY Retail lending portfolios are characterised by very high granularity — a large number of small, individually insignificant exposures — which provides strong natural diversification. Wholesale lending, by contrast, tends to be concentrated in a smaller number of larger borrowers.

QUESTION 8

SINGLE CHOICE

Which of the following is most commonly associated with retail credit risk?

- ☐ A Counterparty failure on a derivative contract
- ☒ B Default on a personal loan or mortgage by an individual borrower
- ☐ C Loss from a misaligned foreign exchange position
- ☐ D Loss from a failed IT migration project

ANSWER B

WHY Retail credit risk refers to the risk that individual retail borrowers — typically personal loan, mortgage, credit card or overdraft customers — fail to meet their contractual obligations. Counterparty, FX and operational (IT migration) risks are distinct risk categories.

QUESTION 9

SINGLE CHOICE

Consumer protection in retail banking is most directly addressed by which category of regulation?

- ☐ A Prudential capital adequacy rules
- ☒ B Conduct-of-business and consumer protection regulation
- ☐ C Large exposures reporting requirements
- ☐ D Liquidity coverage ratio rules

ANSWER B

WHY Conduct-of-business and consumer protection rules (such as those covering fair treatment, transparency, disclosure and complaints handling) directly govern the bank's relationship with retail customers. Capital, large exposures and liquidity rules are prudential in nature and target the safety and soundness of the institution rather than customer-facing behaviour.