

Principles of Banking ICOM Part 2 English Medium Chapter 2 Online Test

Sr	Questions	Answers Choice
1	Which bank does accept the deposits from public	A. Commercial bank B. Central bank C. Foreign exchange bank D. All the above
2	Which bank does keep the precious articles of public into its custody	A. Central bank B. Industrial bank C. Commercial bank D. None of these
3	Which bank does discount the bills of public	A. Commercial bank B. Agricultural bank C. Industrial bank D. All of the above
4	Commercial bank creates credit	A. By discounting of bills B. By investment C. By advancing loans D. All of the above
5	What kind of power does commercial bank possess regarding credit creation	A. Unlimited power B. Limited power C. No power D. All the above are possible
6	The amount in fixed deposit can be	A. Deposited many times B. Deposited only once C. Withdrawn many times D. None of the above
7	Commercial bank can be regarded by nature as	A. Depository bank B. Central bank C. Investment bank D. None of the above
8	Commercial bank advises its customers on	A. Household matters B. Financial matters C. Political matters D. All the above
9	Current account is suitable for	A. Capitalists B. Salaried persons C. Business community D. None of the above
10	Commercial bank creates the following Money	A. Metallic B. Credit C. Paper D. All the above
11	Which of the following functions is performed by commercial bank	A. Issuance of currency notes B. Credit creation C. Rediscounting of bills D. Preparation of monetary policy
12	Which of the following is meant for presenting a summary and balance of accounts of bank customers	A. Bank statement B. Balance sheet C. Pass book D. Prospectus
13	Why commercial banks keep a certain amount of money as reserve	A. Meeting the requirements of customers B. Meeting the requirements of central bank C. Acquiring the satisfaction of having cash D. Expanding the banking business
14	The primary function of commercial bank are	A. Accepting deposits B. Advancing loans C. Both a and b D. None of these
		A. Cash credit

15	The kind of loan according to issue	B. Discounting of bill C. Mortgage loan D. All of the above
16	The important (basic) kinds of accounts opened in commercial banks are:	A. Two B. Three C. Four D. countless
17	Commercial bank is called:	A. Banker's bank B. Bank of public C. Custodian of foreign exchange D. Banker to the Government
18	The forms of cash reserve of commercial bank:	A. Cash in hand B. Reserve with central bank C. Receivable from other banks D. All of the above
19	A commercial bank keeps less cash reserve if:	A. Cheque is used in most of the transactions B. Cheque house facility is available C. Rediscounting facility is available D. All of the above
20	Formula for calculating total credit creation:	A. $\text{New deposit} \times 1/\text{Reserve ratio}$ B. $\text{New deposit} \times \text{Reserve ratio}/1$ C. $\text{Reserve ratio} \times 1/\text{New deposit}$ D. None of the above
21	Which amount is available for salaried and low income persons:	A. Current account B. Saving account C. Fixed deposit D. All of the above
22	The loan which can be demanded by bank at anytime:	A. Overdraft B. Demand loans C. Bills of exchange D. All of the above
23	Which type of loan is advanced by commercial banks for meeting day-to-day requirements:	A. Short term loan B. Medium term loan C. Long term loan D. All of the above
24	Over draft facility is only provided on:	A. Current account B. Fixed deposit C. Saving account D. All of the above
25	For its customers a commercial bank sells and buys:	A. Foreign exchange B. Property C. Securities D. All of the above
26	The commercial banks may be:	A. Scheduled B. Non-scheduled C. Foreign D. All of the above
27	The loans on which high rate of interest is charged :	A. Medium term loans B. Long term loans C. Short term loans D. Demand loans
28	The part of deposits kept with the central bank is called:	A. Cash reserve B. Margin C. Interest rate D. All of the above
29	If the rate of interest (profit) on the bank deposits is higher then the banks keep:	A. Less cash reserve B. Less margin rate C. More cash reserve D. None of the above
30	The amount (capital) recieved by bank after issuing shares is called:	A. Reserve capital B. Paid up capital C. Autherized capital D. Issued capital
31	Heart of Financial Structure.	A. Commercial bank B. Central bank C. Consortium Banks D. All these
32	Present commercial Banks are teh Developed form of the business of.	A. Money Lenders B. gold smiths C. Money changers D. Merchants

		C. Inter banks
33	the card which can be used to pay for goods purchased.	A. ID card B. Credit card C. Charge card D. Guarantee card
34	Process of credit creation by	A. Central bank B. Commercial banks C. Both of these D. None of these
35	To make regular payments of a fixed amount to a stated A/c	A. Direct Debit B. Standing order C. Inter bank transfer D. All of these
36	To make payments of variable amounts to a stated A/c	A. Direct Debit B. Standing order C. Inter bank transfer D. Clearing House system
37	Which is the secondary function of commercial bank.	A. Accepting deposits B. Advancing loans C. Collection of cheques D. All of these
38	For commercial banks deposits are.	A. Assets B. Liabilities C. Income D. Expense
39	Which of the following is not an example of plastic money	A. Debit card B. ATM card C. Currency notes D. Credit card
40	Increase in ratio of cash reserve of scheduled banks.	A. Increase of credit creation B. Stop credit creation C. Decreased in credit creation D. None of these
41	Decrease in cash reserve ratio of scheduled Banks.	A. No effect B. Decrease in credit creation C. Increase in credit creation D. Stop credit creation
42	The relationship between Cash Reserve and credit creation is.	A. No relationship B. Direct C. Inverse D. One way
43	Which of the following is a limitation in credit creation.	A. Initial deposit B. Use of cheques C. Use currency D. all of these
44	For more credit creation a bank must have.	A. More demand deposits B. More fixed deposits C. More time deposited D. All of these
45	The higher the cash reserve ratio.	A. Credit creation zero B. Credit creation constant C. Higher the credit creation D. Lower the credit creation
46	Which of the following is a valid method of receiving payment from debtors.	A. Debit card B. Credit card C. ATM card D. Cash
47	While depositing money in your a/c you must use.	A. Pay in slip B. Deposit slip C. Credit voucher D. All of these
48	Cash reserve of commercial Banks includes.	A. Cash in hand B. Cash with SBP C. Balance with other banks D. All the above
49	If a credit is lost, what should the holder do.	A. Report to employer B. report to bank C. Report to insurance co. D. All the above
50	Which is the secondary function of a commercial bank.	A. Accepting deposits B. Advancing loans C. Collection of cheques

		C. Collection of cheques D. all of these
51	For commercial banks deposits are.	A. Assets B. Liabilities C. Income D. Expense
52	Which of the followig is not an example of Plastic money.	A. Debit card B. ATM card C. Credit card D. Currency notes
53	Which of the following is a limitation in credit creation	A. Initial deposit B. Use of cheques C. Use of currency D. All of these
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55	While depositing money in your a/c , you must use.	A. Pay - in slip B. Deposit slip C. Credit voucher D. All these
56	If a credit card is lost, what should the holder do.	A. Report to employer B. Report to bank C. Report to insurance co. D. All the above
57	Which one is not the feature of good Banking system.	A. Economic development B. Inflation C. Larger Capital D. TYrust of public
58	Habib Bank Limited was formed on.	A. 1941 B. 1931 C. 1951 D. 1961
59	In Pakistan before 1974 commercial Banks were formed under.	A. Co's act 1932 B. Co's Act 1913 C. Co's Act 1984 D. None of these
60	United Bank Ltd. was formed on.	A. 1959 B. 1949 C. 1694 D. 1957
61	Which affairs of Banks are revealed by articles of Banks.	A. Internal B. External C. Political D. Financial
62	Because of low Reserve Ratio the credit creation power.	A. Increases B. Decreases C. Constant D. Zero
63	Because of high reserve ratio the credit creation power.	A. Constant B. Increases C. Decreases D. Zero
64	The documents which present a summary and balance of accounts of an A/C holder in bank.	A. Balance sheet B. Pass book C. Prospectus D. Bank Staement
65	Quaid -e- Azam opened his bank account in.	A. 1940 B. 1945 C. 1957 D. 1987
66	Quaid -e-Azam opened his bank account in.	A. ABL B. MCB C. HBL D. NBP
67	Pay Order is issued by the bank when the debtor and creditor belongs to.	A. Two different cities B. With in same city C. Two different counties D. All these
		A. To differnet cities/Country B. With in same city

68	Bank draft is issued by the bank when the debtor and creditor belongs to.	B. within same city C. Two different families D. All these
69	In Pakistan the bank nationalized Act is.	A. Act 1956 B. Act 1932 C. Act 1962 D. Act 1974
70	Banking companies ordinance is	A. 1962 B. 1984 C. 1932 D. 1694
71	The life blood of a commercial bank.	A. Deposits B. With drawals C. Liabilities D. All these
72	Commercial bank can be	A. Scheduled B. Foreign C. Non Scheduled D. All these
73	Commercial bank create money.	A. Metallic B. Credit C. Paper D. All these
74	Which is the Primary function of a commercial bank.	A. Issue Notes B. Accepting Deposits C. Credit creation D. None of these
75	Credit card payments are considered.	A. Cash payments B. Credit payments C. Both these D. None of these
76	For commercial banks "Advancing loans" are.	A. Assets B. Liabilities C. Expenses D. All of these
77	Exchange banks are commonly known as.	A. Foreign bank B. Central bank C. Consortium Bank D. None of these
78	Polymer Currency includes	A. Debit card B. ATM card C. Credit card D. All of these
79	The current account and saving account is also called	A. Sight deposits B. Chequing account C. Demand deposits D. All of these
80	Which account is called non operating account.	A. Current account B. Saving account C. Fixed account D. BBA account