

## Principles of Banking Icom Part 2 English Medium Chapter 4 Online Test

Sr	Questions	Answers Choice
1	Modern central banking system started in	A. 18th Century B. 19th Century C. 20th Century D. None of these
2	Credit money in the country is controlled by	A. Central bank B. Commercial bank C. Industrial bank D. Agricultural bank
3	Which principle is followed by central bank to issue currency notes	A. Currency principle B. Banking principle C. Both principle D. None of the above
4	Which method or methods are prevailing in Pakistan for issuing notes	A. Fixed Fiduciary System B. Proportional Reserve System C. Both a and b D. None of the these
5	Which function does a central bank not perform	A. Credit creation B. Advancing loans C. Lender of last resort D. Banker of the public
6	What is meant by margin requirement	A. To advance loan less than the value of security B. To give less amount as interest than the amount of loan C. To advance more loan than the value of security D. To advance loan equal to the value of security
7	Which bank is called the mother or central banks	A. Reserve bank of India B. Bank of England C. State Bank of Pakistan D. Bank of Venice
8	Under fixed fiduciary system, if notes are issued in excess of fiduciary limit then how much value of precious metal or foreign exchange is kept as reserve for over issue	A. 5% B. 10% C. 30% D. 100%
9	What are the objectives of monetary policy	A. Stability in price B. Exchange stability C. Stability in capital market D. All of the above
10	Which term is used in connection with monetary policy	A. Bank rate B. Exchange rate C. Wage rate D. Market rate
11	What is the objective of clearing house	A. To control credit money B. To clear the transactions of different banks C. Training of banking staff D. Re-discounting of bills
12	What is the purpose of monetary policy	A. To control banking system B. To control supply of money C. To control foreign exchange D. To control stock market
13	Which is the quantitative method of credit control	A. Change in reserve ratio B. Change in margin requirement C. Selective control D. Publicity
14	If credit money is controlled by the sale and purchase of government securities, it is called	A. Direct action B. Moral persuasion C. Change in reserve ration D. Open market operation

15	Central bank is owned by	A. Public B. Government C. Commercial banks D. All of the above
16	Central bank bank supervises one of the following systems of a country:	A. Provincial B. Political C. Economical and financial D. None of the above
17	Riksbank of Sweden became central bank in:	A. 1568 B. 1668 C. 1768 D. None of the above
18	Important functions of a central bank:	A. To issue currency notes B. To provide banking facilities to government C. To advise commercial banks D. All of the above
19	Qualitative methods of monetary policy do not include:	A. Direct actions B. Publicity C. Bank rate policy D. Moral persuasion
20	When was the first central bank of sub-continent established:	A. 1635 B. 1732 C. 1835 D. 1935
21	Pakistan's central bank was established in:	A. 1947 B. 1948 C. 1949 D. 1950
22	The institution responsible for the contraction and expansion of money in the best interest of general public is called:	A. Commercial bank B. Clearing house C. Central bank D. Chamber of commerce
23	If the quantity of money in circulation increases then this situation is called:	A. Inflation B. Deflation C. Money market D. All of the above
24	The external value of local currency is stabilized through:	A. Monetary policy B. Increase in prices C. Trade policy D. All of the above
25	In case of inflation in the country, the rate of margin is:	A. Increased B. Reduced C. Waived D. All of the above
26	The transmission of following is stopped due to clearing house:	A. Credit money B. Metallic money C. Cash money D. All of the above
27	The central bank works under the rules framed by:	A. Government B. People C. Different banks D. All of the above
28	Central bank provides the following facility to scheduled banks:	A. Feast B. Godown C. Clearing house D. None of the above
29	The Banks are called Scheduled Banks which are registered with the.	A. Central Bank B. World Bank C. Bank of England D. All the above
30	In the presence of Clearing House Scheduled Banks keep.	A. Less Cash Reserve B. More Cash Reserve C. No cash reserve D. Fixed cash reserved
31	The section of Banking company ordinance of Pakistan 1962 the minimum Capital Requirement of Scheduled Banks in or outside Pakistan is.	A. Sec. 14 B. Sec. 13 C. Sec. 16 D. Sec. 17

A. 80% of Total Assets  
B. 60% of Total Assets

32	Scheduled bank is bound to keep with the Country.	C. 80% of Total Assets D. 40% Total Assets D. 20% Total Assets
33	State Bank of Pakistan Act is	A. 1932 B. 1962 C. 1984 D. 1997
34	Scheduled Banks can keep his totl assets outside the country.	A. 80% B. 60% C. 40% D. 20%
35	Documents required to convert non scheduled bank into scheduled bank.	A. Memorandum of Association B. Articles of Association C. Audited Annual Report D. All the above
36	Non -Scheduled bank means a bank which is not registered with.	A. Stock Exchange B. World Bank C. Central Bank D. Scheduled bank
37	It is necessary for scheduled bank to.	A. Obey SBP B. Submit report to SBP C. Get the Book checked D. All the above
38	Min. Paid up capital of scheduled Bank in Pakistan on 31st December 2011 will be.	A. Rs. 05 million B. Rs. 06 million C. Rs. 10 Billion D. Rs. 07 billion
39	Scheduled Banks are registered under state bank act.	A. 1956 B. 1984 C. 1962 D. 1932
40	Example of Non scheduled is	A. ABL B. AL-Meezan Investment Bank C. HBL D. NBP
41	Central Bank Act as Lender of Last Resort to.	A. Scheduled Bank B. Foreign Bank C. Non-Scheduled bank D. All the above
42	Scheduled Bank Can be registered under SBP Act.	A. 1956 Sec. 38 (1) B. 1957 Sec. 37 (1) C. 1956 Sec. 137 (1) D. 1956 Sec. 43(1)
43	Under which Section Scheduled Bank are bound to keep 80% of their Asset in country.	A. Section 38 B. Section 33 C. Section 37 D. Section 40
44	Central Bank provide the facility to Scheduled Banks.	A. Rediscounting Bills B. Clearing House C. Transfer of Money D. All the above
45	Can open new branch without the consent of Central Branch.	A. Scheduled Bank B. State Bank of Pakistan C. Non -Scheduled Bank D. Bank of England
46	The document acquire to convert non -scheduled into scheduled bank	A. Prospectus B. Debentures C. By laws copy D. Audited Annual Report
47	Which form of automated payment would be better in paying wages to employee	A. BACS B. Standing order C. Direct Debit D. Credit transfer
48	Participation term certificates are issued in place of.	A. Shares B. Debentures C. NIT Units D. All these
49	Participation term certificate are issued by.	A. Sole trader ship B. Firm C. Joint Stock Co. D. Co-operative society

50	Non -Scheduled banks are formed under.	A. Sole trader ship B. Firm C. Joint Stock Co. D. Co-operative society Act
51	Non- Scheduled banks are formed under co-opreative society Act.	A. 1932 B. 1925 C. 1984 D. 1911
52	Under which Section Scheduled Bank can open new branch.	A. Section 38 B. Section 39 C. Section 40 D. Section 41