

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

Sr	Questions	Answers Choice
1	While depositing money in your a/c you must use.	A. Pay in slip B. Deposit slip C. Credit voucher D. All of these
2	Commercial bank creates credit	A. By discounting of bills B. By investment C. By advancing loans D. All of the above
3	Commercial bank creates the following Money	A. Metallic B. Credit C. Paper D. All the above
4	The relation ship between Cash Reserve and credit creation is.	A. No relationship B. Direct C. Inverse D. One way
5	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
6	Commercial bank create money.	A. Metallic B. Credit C. Paper D. All these
7	Bank draft is issued by the bank when the debtor and creditor belongs to.	A. To different cities/Country B. With in same city C. Two different families D. All these
8	Which amount is available for salaried and low income persons:	A. Current account B. Saving account C. Fixed deposit D. All of the above
9	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 Statement
10	Because of low Reserve Ratio the credit creation power.	A. Increases B. Decreases C. Constant D. Zero
11	Commercial bank can be	A. Scheduled B. Foreign C. Non Scheduled D. All these
12	Heart of Financial Structure.	A. Commercial bank B. Central bank C. Consortium Banks D. All these
13	Which of the following is a limitation in credit creation.	A. Initial deposit B. Use of cheques C. Use currency D. all of these
14	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
15	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

16	Which is the secondary function of a commercial bank.	A. Accepting deposits B. Advancing loans C. Collection of cheques D. all of these
17	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
18	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
19	Which account is called non operating account.	A. Current account B. Saving account C. Fixed account D. BBA account
20	Quaid -e-Azam opened his bank account in.	A. ABL B. MCB C. HBL D. NBP
21	Which of the followig is not an example of Plastic money.	A. Debit card B. ATM card C. Credit card D. Currency notes
22	Cash reserve of commercial Banks includes.	A. Cash in hand B. Cash with SBP C. Balance with other banks D. All the above
23	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
24	For commercial baks deposits are.	A. Assets B. Liabilities C. Income D. Expense
25	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
26	Because of high reserve ratio the credit creation power.	A. Constant B. Increases C. Decreases D. Zero
27	Current account is suitable for	A. Capitalists B. Salaried persons C. Business community D. None of the above
28	Which bank does accept the deposits from public	A. Commercial bank B. Central bank C. Foreign exchange bank D. All the above
29	Polymer Currency includes	A. Debit card B. ATM card C. Credit card D. All of these
30	The higer the cash reserve ratio.	A. Credit creation zero B. Credit creation constant C. Higher the credit creation D. Lower the credit creation
31	Present commercial Banks are teh Developed form of the business of.	A. Money Lenders B. gold smiths C. Money changers D. Merchants
32	The primary function of commercial bank are	A. Accepting deposits B. Advancing loans C. Both a and b D. None of these
33	_____	A. Two B. Three

33	The important (basic) kinds of accounts opened in commercial banks are:	 C. Four D. countless
34	Which one is not the feature of good Banking system.	A. Economic development B. Inflation C. Larger Capital D. Trust of public
35	United Bank Ltd. was formed on.	A. 1959 B. 1949 C. 1694 D. 1957
36	Over draft facility is only provided on:	A. Current account B. Fixed deposit C. Saving account D. All of the above
37	Commercial bank advises its customers on	A. Household matters B. Financial matters C. Political matters D. All the above
38	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
39	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
40	Banking companies ordinance is	A. 1962 B. 1984 C. 1932 D. 1694
41	Which is the Primary function of a commercial bank.	A. Issue Notes B. Accepting Deposits C. Credit creation D. None of these
42	Which affairs of Banks are revealed by articles of Banks.	A. Internal B. External C. Political D. Financial
43	For commercial banks " Advancing loans' are.	A. Assets B. Liabilities C. Expenses D. All of these
44	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
45	The life blood of a commercial bank.	A. Deposits B. With drawings C. Liabilities D. All these
46	Process of credit creation by	A. Central bank B. Commercial banks C. Both of these D. None of these
47	In Pakistan the bank nationalized Act is.	A. Act 1956 B. Act 1932 C. Act 1962 D. Act 1974
48	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
49	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
50	For more credit creation a bank must have.	A. More demand deposits B. More fixed deposits C. More time deposits

		C. more time deposited D. All of these
51	For commercial banks deposits are.	A. Assets B. Liabilities C. Income D. Expense
52	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
53	The amount (capital) recieved by bank after issuing shares is called:	A. Reserve capital B. Paid up capital C. Autherized capital D. Issued capital
54	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
55	Formula for calculating total credit creation:	A. New deposit x 1/Reserve ratio B. New deposit x Reserve ratio/1 C. Reserve ratio x 1/New deposit D. None of the above
56	For its customers a commercial bank sells and buys:	A. Foreign exchange B. Property C. Securities D. All of the above
57	Which of the following is not an example of plastic money	A. Debit card B. ATM card C. Currency notes D. Credit card
58	Exchange banks are commonly known as.	A. Foreign bank B. Central bank C. Consortium Bank D. None of these
59	The amount in fixed deposit can be	A. Deposited many times B. Deposited only once C. Withdrawn many times D. None of the above
60	Which of the folloiwng is a valid method of receivig payment from debtors.	A. Debit card B. Credit card C. ATM card D. Cash
61	The kind of loan according to issue	A. Cash credit B. Discounting of bill C. Mortgage loan D. All of the above
62	Which is teh secondary function of commercial bank.	A. Accepting deposits B. Advancing loans C. Collection of cheques D. All of these
63	the card which can be used to pay for goods purchased.	A. ID card B. Credit card C. Chrage card D. Gurantee card
64	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
65	Which of the following is a valid method of receiving payment from debtors.	A. Debit card B. Credit card C. ATM card D. Cash
66	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
67	The loan which can be demanded by bank at anytime:	A. Overdraft B. Demand loans C. Bills of exchange D. All of the above

A. Depository bank

68	Commercial bank can be regarded by nature as	B. Central bank C. Investment bank D. None of the above
69	Which bank does discount the bills of public	A. Commercial bank B. Agricultural bank C. Industrial bank D. All of the above
70	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
71	Credit card payments are considered.	A. Cash payments B. Credit payments C. Both these D. None of these
72	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
73	While depositing money in your a/c , you must use.	A. Pay - in slip B. Deposit slip C. Credit voucher D. All these
74	Habib Bank Limited was formed on.	A. 1941 B. 1931 C. 1951 D. 1961
75	Commercial bank is called:	A. Banker's bank B. Bank of public C. Custodian of foreign exchange D. Banker to the Government
76	The forms of cash reserve of commercial bank:	A. Cash in hand B. Reserve with central bank C. Recievable from other banks D. All of the above
77	Quaid -e- Azam opened his bank account in.	A. 1940 B. 1945 C. 1957 D. 1987
78	The commercial banks may be:	A. Scheduled B. Non-scheduled C. Foreign D. All of the above
79	The part of deposits kept with the central bank is called:	A. Cash reserve B. Margin C. Interest rate D. All of the above
80	The current account nd saving account is also called	A. Sight deposits B. Chequing account C. Demand deposits D. All of these