

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

Sr	Questions	Answers Choice
1	The relation ship between Cash Reserve and credit creation is.	A. No relationship B. Direct C. Inverse D. One way
2	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
3	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
4	Commercial bank create money.	A. Metallic B. Credit C. Paper D. All these
5	Commercial bank creates the following Money	A. Metallic B. Credit C. Paper D. All the above
6	Cash reserve of commercial Banks includes.	A. Cash in hand B. Cash with SBP C. Balance with other banks D. All the above
7	Commercial bank advises its customers on	A. Household matters B. Financial matters C. Political matters D. All the above
8	The primary function of commercial bank are	A. Accepting deposits B. Advancing loans C. Both a and b D. None of these
9	The important (basic) kinds of accounts opened in commercial banks are:	A. Two B. Three C. Four D. countless
10	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
11	Which of the following functions is performed by commercial bank	A. Issuance of currency notes B. Credit creation C. Rediscounging of bills D. Preparation of monetary policy
12	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
13	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
14	Commercial bank can be	A. Scheduled B. Foreign C. Non Sheduled D. All these
15	Which affairs of Banks are revealed by articles of Banks.	A. Internal B. External C. Political D. Financial

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16	Commercial bank creates credit	A. By discounting of bills B. By investment C. By advancing loans D. All of the above
17	Heart of Financial Structure.	A. Commercial bank B. Central bank C. Consortium Banks D. All these
18	Which account is called non operating account.	A. Current account B. Saving account C. Fixed account D. BBA account
19	The part of deposits kept with the central bank is called:	A. Cash reserve B. Margin C. Interest rate D. All of the above
20	Decreases in cash reserve ratio of scheduled Banks.	A. No effect B. Decrease in credit creation C. Increase in credit creation D. Stope credit creation

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