

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

Sr	Questions	Answers Choice
1	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
2	Which is the Primary function of a commercial bank.	A. Issue Notes B. Accepting Deposits C. Credit creation D. None of these
3	For commercial banks " Advancing loans' are.	A. Assets B. Liabilities C. Expenses D. All of these
4	Habib Bank Limited was formed on.	A. 1941 B. 1931 C. 1951 D. 1961
5	The commercial banks may be:	A. Scheduled B. Non-scheduled C. Foreign D. All of the above
6	Commercial bank advises its customers on	A. Household matters B. Financial matters C. Political matters D. All the above
7	Which account is called non operating account.	A. Current account B. Saving account C. Fixed account D. BBA account
8	Commercial bank can be regarded by nature as	A. Depository bank B. Central bank C. Investment bank D. None of the above
9	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
10	The part of deposits kept with the central bank is called:	A. Cash reserve B. Margin C. Interest rate D. All of the above
11	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
12	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
13	Exchange banks are commonly known as.	A. Foreign bank B. Central bank C. Consortium Bank D. None of these
14	Commercial bank creates credit	A. By discounting of bills B. By investment C. By advancing loans D. All of the above
15	Which of the following is a valid method of receiving payment from debtors.	A. Debit card B. Credit card C. ATM card D. None of these

D. Cash

16 The higher the cash reserve ratio.

- A. Credit creation zero
- B. Credit creation constant
- C. Higher the credit creation
- D. Lower the credit creation

17 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

18 Because of low Reserve Ratio the credit creation power.

- A. Increases
- B. Decreases
- C. Constant
- D. Zero

19 For its customers a commercial bank sells and buys:

- A. Foreign exchange
- B. Property
- C. Securities
- D. All of the above

20 Process of credit creation by

- A. Central bank
- B. Commercial banks
- C. Both of these
- D. None of these