

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

Sr	Questions	Answers Choice
1	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
2	Which of the following is not an example of plastic money	A. Debit card B. ATM card C. Currency notes D. Credit card
3	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
4	Which one is not the feature of good Banking system.	A. Economic development B. Inflation C. Larger Capital D. Trust of public
5	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
6	Over draft facility is only provided on:	A. Current account B. Fixed deposit C. Saving account D. All of the above
7	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
8	United Bank Ltd. was formed on.	A. 1959 B. 1949 C. 1694 D. 1957
9	The higher the cash reserve ratio.	A. Credit creation zero B. Credit creation constant C. Higher the credit creation D. Lower the credit creation
10	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
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	For commercial bank deposits are.	A. Assets B. Liabilities C. Income D. Expense
13	In Pakistan the bank nationalized Act is.	A. Act 1956 B. Act 1932 C. Act 1962 D. Act 1974
14	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
15	Commercial bank can be	A. Scheduled B. Foreign C. Non Scheduled D. All these

16 For commercial banks deposits are.

A. Assets
B. Liabilities
C. Income
D. Expense

17 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

18 Habib Bank Limited was formed on.

A. 1941
B. 1931
C. 1951
D. 1961

19 Commercial bank create money.

A. Metallic
B. Credit
C. Paper
D. All these

20 Process of credit creation by

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