

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

Sr	Questions	Answers Choice
1	Which affairs of Banks are revealed by articles of Banks.	A. Internal B. External C. Political D. Financial
2	Because of low Reserve Ratio the credit creation power.	A. Increases B. Decreases C. Constant D. Zero
3	Over draft facility is only provided on:	A. Current account B. Fixed deposit C. Saving account D. All of the above
4	Which of the following is a valid method of receiving payment from debtors.	A. Debit card B. Credit card C. ATM card D. Cash
5	Decreases in cash reserve ratio of scheduled Banks.	A. No effect B. Decrease in credit creation C. Increase in credit creation D. Stop credit creation
6	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
7	The higher the cash reserve ratio.	A. Credit creation zero B. Credit creation constant C. Higher the credit creation D. Lower the credit creation
8	Which is the secondary function of commercial bank.	A. Accepting deposits B. Advancing loans C. Collection of cheques D. All of these
9	Cash reserve of commercial Banks includes.	A. Cash in hand B. Cash with SBP C. Balance with other banks D. All the above
10	Which bank does accept the deposits from public	A. Commercial bank B. Central bank C. Foreign exchange bank D. All the above
11	The important (basic) kinds of accounts opened in commercial banks are:	A. Two B. Three C. Four D. countless
12	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
13	Which of the following is not an example of plastic money	A. Debit card B. ATM card C. Currency notes D. Credit card
14	Which of the following is a limitation in credit creation.	A. Initial deposit B. Use of cheques C. Use currency D. all of these
15	Which one is not the feature of good Banking system.	A. Economic development B. Inflation C. Larger Capital D. Trust of public

16	While depositing money in your a/c you must use.	A. Pay in slip B. Deposit slip C. Credit voucher D. All of these
17	Which of the following is a valid method of receiving payment from debtors.	A. Debit card B. Credit card C. ATM card D. Cash
18	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
19	Heart of Financial Structure.	A. Commercial bank B. Central bank C. Consortium Banks D. All these
20	For commercial banks deposits are.	A. Assets B. Liabilities C. Income D. Expense