

Principles of Banking (E.M) - ICOM Part 2 Principles of Banking Chapter 1 Short Questions Preparation

Q1. Define Eximp Banks.

Ans 1: the banks which provide credit facilities for the promotion of importers and exporters to the commerce, Trade and industry, These banks are contributing a lot towards the expansion of international trade of developed countries.

Q2. How a change can be made in memorandum and articles of association.

Ans 1: A bank can change its memorandum of association with the permission of central Government or Court.

Ans 2: While a change can be made in articles of associations by passing a special resolution. this change should not be against the Co.'s Ordinance 1984 or against the memorandum of association.

Q3. The consumers Bank.

Ans 1: These banks provide credit facilities for purchasing consumption goods for the use of borrowers. In Pakistan there is no such example of consumer bank our commercial banks are performing the functions of consumer banking.

Q4. Write down the name of the methods of formation of Bank,

Ans 1: i- By Royal order

Ans 2: ii- By Special Ordinance.

Ans 3: iii- By company's Ordinance

Ans 4: iv- By co-operative societies Act 1925

Q5. What is meant by statement in lieu of prospectus.

Ans 1: At the time of registration of bank if the bank is not in a position to submit the prospectus with the registrar then another statement containing all information regarding the bank is submitted this statement is called "Statement in lieu of prospectus."

Q6. What is meant by articles of association.

Ans 1: It is second important document of the bank, which includes the rules and regulations to run a bank. This document never includes any such rule or regulation which is against the memorandum.

Q7. Define memorandum of association.

Ans 1: It is the basic important legal document of a bank. It is the charter of a bank which must be submitted to the registrar at the time of registration of bank. This document is a sort of contract between bank and its shareholders. No changes can be made in memorandum without permission of court.

Q8. Define Bank.

Ans 1: According to Sir John Paget.

Ans 2: Bank is an institution which performs the following functions.

Ans 3: a- Acceptance of deposits b- Advancement of loans

Ans 4: c- Issues and pays cheques d- Transfers money from one place to another.

Q9. What is the remedy if a bank does not disclose its rules and regulations.

Ans 1: If a bank does not disclose its rules and regulations than a model called "Table A" comprising of 85 clauses in Co. 's Ordinance 1984 is considered as articles of the bank.

Q10. How the word "BANK" has been derived.

Ans 1: The name 'Bank' has been derived from an Italian word 'Banco' which means of 'Desk /bench' used by Italians in 14th, 15th and 16th centuries in Italy.
