

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

Q1. Write down the name of clauses in memorandum of association of bank.

Ans 1: Clauses in memorandum.: Memorandum of association includes the authority and limitation of a bank. It is a sort of contract between bank and its shareholders. No changes can be made in memorandum without permission of court.

Q2. 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."

Q3. Define consortium bank.

Ans 1: These banks are formed by the association of international banks. The purpose of this bank is to meet the financial needs of large companies for long period of time. The bank receives funds from parent banks. For e.g. British Middle East Bank, Orion Bank.

Q4. Write down the essentials of a successful banking.

Ans 1: 1- Secured loans ii- Scheduled banks iii- Sufficient Capital

Ans 2: iv- Reasonable profit v- trained staff.

Q5. Define "Consortium loan" or participation loans.

Ans 1: When two or more banks join together to lend jointly to one borrower in certain agreed ratio against a common security. Such loans are called "Participation loan" or consortium loans.

Q6. Define Prospectus of a Bank.

Ans 1: In this document the general public is invited to purchase the shares of the bank. Generally, the prospectus is also published in local news paper. An attested copy of prospectus should be submitted to registrar's office for the registration of the bank.

Q7. What is meant by Foreign exchange banks.

Ans 1: These are the banks which buy and sell foreign currency with the permission of state bank of Pakistan. Foreign banks other than Indian Banks have been commonly known as "Foreign exchange banks" for example

Ans 2: American express bank

Ans 3: Natinal and Grind lays bank

Q8. What are the clauses of articles of association of a bank.

Ans 1: 1- Capital and its division into shares 2- Per share value.

Ans 2: 3- Various type of shares 4- Methods of selling shares

Ans 3: 5- Method of transerring shares 6- Appointment of directors

Ans 4: 7- Name and no of directors 8- Powers and duties of directors

Ans 5: 9- Accounts and their audit 10- Voting rights of shareholders.

Q9. List various kinds of Banks.

Ans 1: 1- Chartered banks 2- Statutory banks 3- Saving and exchang bank

Ans 2: 4- Accoring to Registration 5- School bank 6- Investment bank.

Q10. Define Eximp Banks.

Ans 1: the banks which provide credit facilites for the promotion of importers and exporters to the commerce, Trade and industyr, Thses bank are contribuiing a lot towards the expansion of international trade of developed countries.
