

## Principles of Banking (E.M) - ICOM Part 2 Principles of Banking Chapter 10 Short Questions Preparation

Q1. What is order bank draft.

**Ans 1:** The draft which is paid to the person whose name is written in the draft The bank identify the payee and then makes the payment.

Q2. How many parties are involved in bank draft.

**Ans 1:** 1- Drawer ( bank branch which issues bank draft)

**Ans 2:** 2- Drawee ( bank branch to which draft is issued)

**Ans 3:** 3- payee ( The person who receive the amount of draft)

Q3. What is Foreign crossed bank draft.

**Ans 1:** The draft which is drawn in one country and its payment is made in another country is called Foreign crossed bank draft.

Q4. What are the contents of bank draft.

**Ans 1:** 1- Name of bank and its branch 2- Amount of draft

**Ans 2:** 3- Serial number 4- Date of issue

**Ans 3:** 5- Name of payee 6- Signatures of bank authorized officer

Q5. What are the kind of bank draft.

**Ans 1:** 1- Order Bank draft 2- Crossed bank draft.

Q6. What is Crossed bank draft.

**Ans 1:** If two transverse parallel lines are drawn by the bank on the upper left of the draft it is called crossed bank draft.

Q7. Define Treasure bill.

**Ans 1:** The Treasury bill is a document in which the government promises to pay a certain sum of money to person or business concern. This bill is transferable and contains a specified space for the name of purchaser. If the name of purchaser is not written on bill then it is paid to the bearer.

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Q8. What is foreign order bank draft.

**Ans 1:** The draft which is drawn in one country and its payment is made in another country is called Foreign order bank draft

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Q9. What is meant by bank draft.

**Ans 1:** A written unconditional document drawn on a bank by another bank for payment is called bank draft.

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Q10. What are the characteristics of bank draft.

**Ans 1:** 1- Written form 2- Unconditional order 3- Safe

**Ans 2:** 4- Certain payment 5- On demand 6- Reliable

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