

Principles of Banking (E.M) - ICOM Part 2 Principles of Banking Chapter 5 Short Questions Preparation

Q1. Define bank accounts.

Ans 1: The amount of money standing to the credit of a customer of a bank. Bank accounts are the liabilities of the bank and are assets of its customers.

Q2. What is bank statement of account.

Ans 1: It is a document which is sent by the bank in which the transactions on the account of a customer are stated.

Q3. Why current account is called "Running or active" account.

Ans 1: It is called running or active account because money can be deposited and withdrawn from this account at any time during the banking hours on a daily basis.

Q4. What is meant by "EFTOPS"?

Ans 1: It means Electronic Funds Transfer on the point of sale.

Q5. What are the benefits enjoyed by the "ACCOUNT HODLER" on opening a bank account.

Ans 1: 1- Security of money 2- Overdraft facility 3 - Reasonable income

Ans 2: 4- Transfer of money 5- Safety in payment.

Q6. Write down the steps of account opening in a bank.

Ans 1: i- Selection of bank ii- Selection of bank branch
iii- Selection of suitable account. iv- Contact with bank

Ans 2: v- Application forms vi- Attached required documents

Ans 3: vii- Specimen signatures card viii- Issuance of account no.

Ans 4: ix- Pay in slip x- deposit of amount xi- Cheque book

Q7. What is meant by specimen signature card.

Ans 1: This card is issued by the bank at the time of opening bank account by an account holder. The bank obtain full signature of the account holder on this card for further reference.

Q8. What is Term Deposit Receipt.

Ans 1: It is printed receipt issued by the bank as an evidence for depositing money into fixed deposit account for a certain fixed time period. For the withdrawal, the depositor gives this receipt to the bank.

Q9. What is cheque book.

Ans 1: When the account is opened the cheque book is issued by the bank office. This book has many leaves each leaf is known as cheque which is used to withdraw money from bank.

Q10. Name the parties benefited by opening bank account.

Ans 1: The following parties enjoy benefits by opening bank account.

Ans 2: 1- Bank ii- Account holder iii- Government
