

BANKING

2017

Time: 20 minutes

(Regular & Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

NOTE: (i) This section consists of 16 pan questions and all are to be answered. Each question 0carries one mark.

(ii) Do not copy the part questions in your answerscript.

Write only the answer in full against the proper number of the question and its part.

(iii) Write the code number of your question paper In bold letters in beginning of the answerscript.

1. Choose the correct answer for each from the given options:

i) This is not included in credit instruments:

* Cheque *bill of exchange

* Promissory Note * Prize Bond

ii) Overdraft facility is provided in this account only:

* Current * Saving

* Fixed deposit * Profit & Loss

iii) When the endorses only signs on the back of the instrument this is known as:

* Blank endorsement* Special endorsement

* Restricted endorsement * Conditional endorsement

iv) Monopoly of currency note issuance is a characteristics of the:

* Federal Government * Commercial Bank

* Central Bank * Provincial Government

v) The lender of the last resort for commercial bank is the:

* World Bank * Central Bank

* Industrial Bank * Mortgage Bank

vi) Banks registered with the central bank are known as:

* Commercial Banks * Scheduled Banks

* Limited Banks * None-scheduled Banks

vii) The number of parties of a Cheque is:

* Two * Three

* Four * Six

viii) This term is used as a measure of credit control:

* Bank rate * Rate of Exchange

* Wage rate * Market rate

ix) With respect to functions, this cannot be defined as a bank:

* Central Bank * Commercial Bank

* Exchange Bank * Statuary Bank

x) The purchasing power parity theory was presented by

* Ricardo * Robbins

* Gustav Castle * Alfred Marshal

xi) The party on which the cheque is drawn is the

* Endorsee * Payee

* Drawer * Drawee

xii) This is not a quantitative method In credit control:

* Reserve Ratio * Open Market operation

* Rationing of Credit * Legislation

xiii) This is a Non-negotiable credit instrument:

* Promissory Note * Letter of Credit

* Cheque * bill of exchange

xiv) Creation of credit money is a function of the:

* Central Bank * Commercial Bank

* Exchange Bank * industrial Bank

xv) A notice must be served in case of dishonoring of:

* Cheque * Cross Cheque

* Promissory Note * bill of exchange

xvi) Crossing of a Cheque can be cancelled by the:

* Drawer* Payee

* Endorsee * Drawee

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any seven part questions from this Section. All questions carry equal marks.

- 2.i) Enlist the different types of Bank accounts. Describe Current account
- ii) Describe the function of Lender of Last resort performed by the Central Bank.
- iii) State any five conditions under which a bank can dishonor a Cheque.
- iv) Enlist the principles of employing Bank funds. Describe the principle of Profitability.
- v) Describe any five essentials of Bill of Exchange.
- vi) Enlist the various kinds of Letter of credit. Describe any one.
- vii) Define Endorsement. Explain Conditional endorsement.
- viii) Enlist the kinds of Banks on the basis of functions. Describe statutory and private bank.
- ix) Write any three differences between Cheque and promissory note.
- x) Describe special crossing of a Cheque.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any two questions from this Section. All questions carry equal marks.

3. Describe Purchasing Power Parity Theory. Describe its assumptions and also limitations.
4. Define Credit Control. Describe various methods adopted by the Central bank for Credit control.
5. Describe the functions of Commercial bank.

BANKING

2016

Time: 20 minutes

(Regular & Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (MCQ's)

1. Choose the correct answer for each from the given options:

i) Pay-in-slip is used for:

- * Withdrawal of Cash * Getting Loan
- * Granting Loan * Depositing Cash

ii) In endorser only signs on the back of negotiable instrument. It is called:

- * Restrictive endorsement * Blank endorsement
- * Special endorsement * Conditional endorsement

iii) A bill of exchange is:

- * Unconditional order * conditional order
- * Unconditional Promise * Conditional Promise

iv) The bank which is not registered with the central bank is called:

- * Statutory Bank * Non-scheduled Bank
- * Commercial Bank * Scheduled Bank

v) Bank can pay this Cheque to anyone:

- * Bearer Cheque * Cross Cheque.
- * Stale Cheque * Order Cheque

vi) Notice must be served in case of dishonor of:

- * Cheque * Promissory note
- * Bill of Exchange * Letter of Credit

vii) The overdraft facility only provided on:

- * Basic Banking Account * Saving Account
- * Current Account * Fixed Deposit Account

viii) Rediscounting of bills of exchange is a function of:

* Schedule Bank * Commercial Bank

* Exchange Bank * Central Bank

ix) The first ever regular bank in banking history was the:

* Bank of England * Bank of America

* Bank of Venice * Bank of Barcelona

x) The Letter of credit is a/an:

* Request * Order

* Promise * Agreement

xi) The usual numbers of parties involved in a Cheque is:

* Two * Three

* Four * Five

xi.) This is not a credit instrument:

* Cheque * Promissory note

* Bill of Exchange * Postal order

xiii) The name of the first central bank in the world is the:

* Bank of England * Bank of Scotland

* Bank of Amsterdam * State Bank of Pakistan

xiv) Personal identification number is used for:

* ATM Card * Credit Card

* Bank Loan * Paying Tax

xv) Difference of visible imports and exports is called:

* Balance of Payment * Adverse Balance of Payment

* Adverse Balance of Trade * Balance of Trade

xvi) Drawee of Cheque is:

* Drawer * Bank * Endorser * payee

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any seven part questions from this Section.

2.0 Write any five essentials of Cheque.

- ii) Define Balance of Trade and Balance of Payments.
- iii) Define Lien and Hypothecation.
- iv) List the General utility services of commercial bank. Describe any one.
- v) List the various kinds of Bank Accounts. Describe Fixed Deposit Account.
- vi) When a Bank dishonor a Cheque? Give any five reasons.
- vii) Differentiate between Debit Card and Credit Card.
- viii) What are the modes of foreign remittances? Describe any two.
- ix) Describe the special crossing of a Cheque.
- x) List the Qualitative credit control methods. Describe Bank rate policy.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any two questions from this Section. All questions carry equal marks.

- 3. Define Bill of Exchange. Describe different kinds of bill of exchange.
- 4. What are the various methods to determine the Rate of Foreign Exchange? Describe Mint Par Rate of Exchange.
- 6. Define Central Bank. Describe its functions.

BANKING

2015

Time: 20 minutes

(Regular & Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

1) Crossing of a cheque which contains the name of particular bank called:

- * Regular crossing
- * Irregular crossing

* General crossing * special crossing

II) The circulation of Credit money in the country is controlled by:

* Industrial bank * Commercial bank

* Agricultural bank * Central bank

III) The objective of clearing house is to:

* control credit money

* clear the transactions of member banks

* clear market rate

* rediscount bills of exchange

IV) This is sanctioned by bank temporarily:

* Agricultural loan * Long term loan

* Overdraft * industrial loan

V) if the drawer of a cheque is the payee himself then this is written after the word 'pay':

* Order * SCO * Name of Bank

VI) The method of controlling credit money by the sale and purchase of government securities is called:

* Direct action

* moral persuasion

* Change in reserve ratio

* market operation

VII) The bill of exchange can be cashed from the bank before maturity by:

* overdraft * renewal of bill

* discounting of bill * rediscounting of bill

VIII) The price of one country's currency in terms of other country's currency is called:

* Foreign currency * Letter of credit

* Exchange rate * Local currency

IX) if the drawer of a cheque signs on its back for transferring the rights of cheque to another person, this is called:

* Material change * Endorsement

* Crossing * Acceptance
x) A notice is served in case of dishonor of:

* Promissory note * Letter of Credit

* Cheque * Bill of exchange

xi) The creation of credit is the most important function of:

* Savings bank * Co-operative bank

* Commercial bank * Central bank

xii) A letter of Credit is issued by the:

* Exporter bank * importer bank

* Exporter * importer

xiii) A bank not enlisted with the Central bank is called:

* Commercial bank * Statutory bank

* Non-schedule bank * Specialized bank

xiv) The drawee of cheque is the:

* Payee * Endorser * Customer

xv) All Commercial banks keep their minimum reserves with:

* Stock exchange * National saving centre

* Central bank * Mortgage bank

xvi) The Central bank advances loan to Commercial banks:

* By Clearing House * against cash reserve

* By Re-discounting Bill of exchange

* By Credit control

SECTION 'B',

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven part questions from this Section. All questions carry equal marks.

2.i) List the kinds of Banks on the bases of function and ownership.

ii) Describe non-profitable uses of Bank fund.

iii) Write the essentials of Bill of exchange.

- iv) Explain Clearing house as a function of the Central bank.
- v) List the steps involved in the opening of a Bank account.
- vi) What is meant by Crossing of cheque? Explain General Crossing.
- vii) List any five factors of the amount of Cash (Till Cash) requirement of a Commercial bank.
- viii) Describe the methods/tools used in e-Banking.
- ix) List any ten reasons of dishonoring of a cheque.
- x) Define Cheque and state its parties.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section. All questions Carry equal marks.

3. What is meant by Credit control? Describe the various methods of Credit control used by the Central bank.

4. Define Rate of exchange. Describe the factors affecting the rate of exchange.

OR How do Commercial banks create Credit? Explain.

5. Explain the functions of Central bank.

BANKING

2014

Time: 20 minutes

(Regular)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs'.)

1. Choose the correct answer for each from the given options:

i) This is not a quantitative method in the Credit control:

* Rationing of Credit * Open Market Operation

* Legislation * Reserve Ratio

ii) The reputation of Bank depends on:

* publicity * assets * deposits

iii) The drawee of a cheque is the:

* payee * endorser * customer * bank

iv) The party on which the cheque is drawn is the:

* drawer * payee * drawee * endorsee

v) It is a Non-negotiable credit instrument:

* Cheque * Bill of Exchange

* Letter of Credit * Promissory Note

vi) Call rate is charged on this kind of loans:

* Loans on demand * term loans

* short term loan * long term loan

vii) Clearing House is managed and supervised by the:

* Industrial Bank * Agricultural Bank

* Commercial Bank * Central Bank

viii) The Mortgage bank give loans on this type of property:

* moveable * immovable * ornament * cash

ix) Bank does not pay interest on this accounts:

* saving * current * fixed * none of these

x) This cannot be defined as a bank by ownership:

* Savings Bank * Public Bank

* Private Bank * Statutory Bank

xi) This is a Negotiable credit instrument:

* Money order * Share certificate

* Postal order * Cheque

xii) The Purchasing power parity theory was presented by:

* David Ricardo * J.S. Mill

* Alfred Marshal * Gustar Cassel

xiii) The letter of credit is a/an:

* order * request * promise * agreement

xiv) Balance of trade includes:

* Visible import * export items

* Invisible import * export items

xv) The crossing of a crossed cheque can be cancelled by the:

* Drawee * payee

* Drawer * government

xvi) The Central Bank may rediscount the Bill of Exchange at this rate of interest:

* Bank Rate * Interest Rate

* Discount Rate * Rediscount Rate

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven part questions from this Section.

2.2) Describe any two services of e-banking.

ii) When is a credit instrument called a Cheque?

iii) What is meant by Endorsement? Describe its kinds. OR What are Secured and Unsecured Loans?

iv) Enlist the tools of exchange in international transaction.

v) List the kinds of liens by ownership and describe any two.

vi) Under what circumstances can a Bank account be closed?

vii) Define Letter of Credit and list its kinds.

viii) Define Foreign exchange and Rate of exchange.

ix) Give five distinctions between a Cheque and Bill of Exchange.

x) Describe any two quantitative methods of Credit control.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section.

3. How does the Banking system influence the different sectors of the economy? Explain.

OR Discuss the functions of the State Bank of Pakistan.

4. What basic principles should be observed by a commercial bank before using its funds? Explain.

5. Differentiate between Scheduled and Non-scheduled Banks and explain the functions of a Commercial bank.

BANKING

2014

Time: 20 minutes

(Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) (M.C.Qs.)

1. Choose the correct answer for each from the given options:

i) Bank deals in:

* Money * Money and Credit * Credit * Gold and Silver

ii) This bank receives deposits, advances loans and discount bills:

* Central bank * Agricultural bank

* Commercial bank * Co-operative bank

iii) E-Banking refers to:

* Foreign banking * Local banking

* Banking through electronic means * none of these

iv) The first ever regular bank in banking history is the:

* Bank of England * Bank of India

* Bank of Venice * Bank of Barcelona

v) Bank acts as the custodian of its customer's:

* Property * Business * Valuables * Cash

vi) The Central Bank advances loans to Commercial Banks by:

* Clearing house * against cash reserves

* Rediscounting bills of exchange * Credit Control

vii) This is included in the secondary functions of a Commercial Bank:

* Advancing loans

* Acting as a trustee and attorney * none of these

viii) All Commercial bank keep their minimum required cash reserves with the:

* Stock Exchange * any other bank

* Central bank * Mortgage Bank

ix) General public can obtain loans from the:

- * Agriculture bank * Central bank
- * Commercial bank

xi) Exchange bank deals in:

- * Gold and bullion * Negotiable instruments
- * Foreign Exchange * none of these

xii) No interest is given by the bank on:

- * Term deposit account * PLS account
- * Current account * none of these

xiii) The difference of foreign exchange earnings and the expenditure of a country during a particular financial period is known as:

- * Balance of Payment * Balance of trade
- * Unfavorable payments * Favorable payments

xiv) This ensures the exporter that all his dues will be paid:

- * Cheque * Bill of Exchange
- * Promissory note * Letter of Credit

xv) A notice must reserved on dishonor of this:

- * Cheque * Promissory note
- * Crossed cheque * Bill of Exchange

xvi) Alternation in cheque must be signed by:

- * Payee * Drawer
- * The Drawee * an Officer of grade 17 or above

SECTION 'B'

(SHORT - Answer: QUESTION) (35 Marks)

NOTE: Attempt any Seven part questions from this Section. All questions can carry equal marks

2.i) List the kinds of Banks. Explain any one .

ii) Describe the primary functions of Commercial Bank.

iii) Which steps are to opening a Bank Account?

OR What are the different types of Bank accounts? Explain any one.

iv) List the profit abiefif and non-profitable uses of bank funds. Explain any one.

OR Differentiate between Secured and Un-secured?

BANKING

2013

Time: 20 minutes

(Regular)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

i) Stale cheques:

- * Older than six months * Older than three months
- * Older than one month's * Older than one year

ii) When an endorsement contains a requirement, It Is called:

- * Qualified endorsement * Special endorsement
- * Restrictive endorsement * Research endorsement

lii) The loan against credit card is secured by:

- * The guarantee of a third party * Card holder's property
- * Goodwill of the cardholder * none of these

iv) In Online banking, a cheque of a bank can be presented at:

- * Any branch of same bank * any bank
- * Special branches of any bank * special banks

v) I.O.U. stands for:

- * I owe you * I order you
- * I offer you * none of these

vi) One of the sources for bank funds is:

- * Discounting bills * issuing letters of credit
- * Advances to the account holder
- * Federal funds purchase

vii) Before lending, the bank should check applicant company's:

- * Authorized capital * Subscribed capital
- * Called up capital * Paid up capital

viii) Bank rate policy is determined by:

- * Provincial Government * Central bank
- * Federal Government * Commercial bank

ix) In Pakistan, currency notes are issued on the basis of:

- * Fixed fiduciary system
- * Promotional reserve system
- * Minimum reserve system
- * none of these

x) Central bank is banker's bank because it:

- * Rediscount bills * Issues letters of credit
- * Draws bills * none of these

xi) Telegraphic transfer refers to:

- * Payment through post office
- * Payment through commercial bank
- * Payment through central bank
- * Payment through Mobile Phone Company

xii) The State Bank of Pakistan was inaugurated by:

- * Quaid-e-Azam Mohammad Ali Jinnah
- * Liaquad Ali Khan
- * Abdul RabNishtar
- * Mohammad Ali Khan

xiii) ATM can be operated by entering the:

- * Account number
- * CNIC number
- * Personal Identification number

* National Tax number

xiv) The first ever regular bank in banking history is the:

* Bank of England * Bank of India

* Bank of Venice * Bank of Barcelona

xv) Central bank advances loans to commercial banks by:

* Rediscounting bills of exchange

* Clearing house facility

* Maintaining cash reserves of the commercial bank

* Credit control

xvi) Credit is created by:

* Whole banking system * Central bank

* Commercial banks * Industrial banks

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven part questions from this Section.

2.I) Describe various types of bank accounts.

ii) Prepare a list of lending institutions and explain any one of them.

iii) Distinguish between a 'Stale cheque' & 'Post-Dated cheque'.

iv) Differentiate debit and credit cards.

v) List the kinds of cheques. Explain the cross-cheque.

vi) Define Letter of Credit (LIC) and list its kinds.

vii) Describe the Primary functions of Commercial bank.

viii) What is meant by Endorsement? Mention its kinds.

ix) Mention the measures for correcting balance of payments and explain any one.

x) What are the various methods of making foreign remittances through banks? Describe the mechanism of any one.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section.

3. Explain the functions of Central bank.

OR Describe the various methods adopted by the central bank for 'credit control'.

4. Define Bank funds and explain the principles of employing bank fund.

5. Define Exchange rate. How is the Exchange rate determined? Explain. \

BANKING

2014

Time: 20 minutes

(Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

i) Bank purchases and sells:

- * Stocks and bonds * Commodities
- * Immoveable property * Industrial goods

ii) The Central bank of Pakistan is:

- * National Bank * Habib Bank
- * State Bank * Muslim Commercial Bank

iii) A rise in bank rate discourages:

- * Debtors * fixed account holders
- * saving account holders * current account holders

iv) Bank must keep sufficient funds available to fulfil the demand of:

- * depositors * borrowers * investors * speculators

v) This instrument is payable on demand drawn by the bank upon itself:

- * Pay order * Promissory note
- * Bill of exchange * none of these

vi) Any alteration in cheque must be signed by the:

* account holder * holder of cheque

* payee * bank

vii) Bank finance for the purchase of a car is called:

* Unsecured loan * short term finance

* Secured loan * consumer finance

viii) Bank does not pay interest on:

* current account * saving account

* profit & loss account * fixed account

ix) Credit control is the function of:

* Commercial bank * Central bank

* Industrial bank * Agricultural bank

x) For deferred payments it is used:

* cash * simple agreement

* credit instrument * none of these

xi) The reputation of a bank depends on:

* publicity * assets

* deposits * Liquidity

xii) Scheduled bank is enlisted with the:

* Commercial bank * Central bank

* National bank * none of these

xiii) The Monopoly of the issuance of currency notes is a characteristics of:

* IMF * Foreign Bank

* Central Bank * Exchange Bank

xiv) Bank facilitates on-line transfer of funds from:

* one place to another place

* one bank to another bank

* one branch to another branch

* one business to another business

xv) Clearing House reduces the movement of:

- * Credit Instruments * Plastic Money
- * Currency * Gold & Silver

xvi) Specimen signature card is signed by the:

- * banker * Mg
- * introducer * guarantor

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven part questions from this Section.

- 2.i) Define Bank. Write the different types of Bank account.
- ii) Describe the procedure of opening a Bank account.
- iii) Define Cheque and explain its parties.
- iv) Describe the function of the Central bank as a clearing house.
- v) What are secured loans and unsecured loans?
- vi) State the common Utility services of a Commercial bank.
- vii) Define Bill of exchange and also draw its specimen.
- viii) Define Balance of trade and Balance of payments.
- ix) Write sources of Short term finance.
- x) Define Endorsement and describe Conditional endorsement.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section. All questions carry equal marks.

3. What is meant by Rate of exchange? Describe the factors which affect the rate of exchange.
4. Define Commercial Bank. Describe its primary and secondary functions.
5. Define Bank funds. Describe profitable and non-profitable uses of Bank funds.

BANKING

2012

Time: 20 minutes

(Regular)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

i) Bank can pay this to anyone:

* Bearer Cheque * Cross Cheque

* Order Cheque * Pay order

ii) The bill is originally accepted by:

* Seller * Buyer

* Drawer * Creditor

iii) The endorsement, which specifies the person to whom or to whose order, the instrument is payable, becomes:

* Special endorsement * Conditional endorsement

* Restrictive endorsement * Blank endorsement

iv) Bank fund comprises mainly of money borrowed from:

* Account holders * Money lenders

* Other banks * Debenture holder

v) The letter of credit is usually used in financing:

* Home trade * Foreign trade

* Both of these * None of these

vi) Rediscounting of bills are functions of:

* Central bank * Commercial bank

* Scheduled bank * Specialized bank

vii) This bank accepts deposits and advances loans:

* Cooperative bank * Mortgage bank

* Commercial bank * Central bank

viii) State bank of Pakistan is a:

* Chartered bank * Public bank

* Cooperative bank * Statutory bank

ix) Credit transaction is usually made through:

* Contract * Simple agreement

* Credit instrument * none of these

x) Exchange bank deals in:

* Negotiable Instruments * Gold & bullion

* Foreign exchange * none of these

xi) The first commercial bank established in Pakistan was:

* Muslim Commercial Bank Limited

* Habib Bank Limited

* National Bank of Pakistan

* State Bank

xii) Auto Teller machine can operate by entering the:

* Account number

* National identity card number

* Personal identification number

* National tax number

xiii) Depositors' money in bank account is called:

* Debit balance * Credit balance

* Overdraft balance * none of these

xiv) The highest credit granted to exporters is known as:

* Revocable credit * Revolving credit

* Clean credit * Omnibus credit

xv) This is called Bankers bank:

* World Bank * Central Bank

* Standard Chartered Bank * Sindh Bank

xvi) Price stability can be achieved by adopting:

- * Open market operation * Economic reforms
- * Credit control * Regulating trade policy

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven part questions from this Section.

- 2.i) What are the kinds of Banks according to their functions? Explain any one.
- ii) For Businessmen and salaried persons, which account is better and why?
- iii) What is Endorsement? Describe its kinds.
- iv) Define Bill of Exchange and mention the parties to it.
- v) Describe the forms of advancing money to its customers by a commercial bank.
- vi) Under what circumstances can a bank account be closed?
- vii) State the common Utility Services of a commercial bank.
- viii) Mention the factors which affect the rate of Exchange.
- ix) How does the Central bank act as the lender of last resort?
- x) What is meant by Balance of Payments?

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section.

3. Describe the evolution of Modern Banking System.
4. What is Credit control? Explain the various methods of credit control followed by the central bank of a country.
5. Give an account of the Principles of employing bank funds.

BANKING

2012

Time: 20 minutes

(Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

- i) These banks are not enlisted with the Central Bank:

- * Commercial banks * Statutory banks
- * Non-scheduled banks * Specialized banks

ii) A Commercial bank provides advice to clients on these matters:

- * domestic * political * financial * social

iii) Current account is more suitable for:

- * Capitalists * Salaried people
- * Labor * Business persons

iv) "Monopoly on Notes issue" is a characteristic of:

- * Industrial Bank * Commercial Bank
- * Exchange Bank * Central Bank

v) This term is used as a measure of monetary control:

- * Bank Rate * Exchange Rate
- * Wages Rate * Market Rate

vi) Movement of this is diminished because of Clearing House:

- * Credit money * Metallic money
- * Cash money * Gold and Silver

vii) Specimen signature card is maintained:

- * To compare the signature on the cheques
- * To do an exercise of signing
- * To complete the documentary formalities
- * To obtain new cheque book

viii) Pay-in-slip is a written proof of:

- * Transferring money * Depositing money
- * Withdrawing money * Receiving money

ix) The process of transferring a credit instrument is called:

- * Noting * Protesting
- * Acceptance * Endorsement

x) Crossing, which includes the name of bank, is called:

* Regular Crossing * Irregular Crossing

* General Crossing * Special Crossing

xi) The amount of a Bill of exchange can be received from a bank, before maturity:

* be overdraft * be renewal

* by discounting * by presenting to drawee

xii) The head office of Zari Taraqiati Bank Limited (ZTBL) is at:

* Karachi * Lahore * Peshawar * Islamabad

xiii) This type of securities is more marketable:

* Documents of relevant goods

* Shares, bonds and debentures

* Documents of Immovable property

* Documents of Machinery

xiv) The drawee of cheque is:

* Payee * Endorser * Bank * Customer

xv) A rise in Bank Rate discourages the:

* depositors * creditors

* debtors * business persons

xvi) Commercial banks keep a certain amount of cash at hand:

* To meet public demand

* To meet the liquidity requirements of Central Bank

* To have a feeling of satisfaction

* To expand their business

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven part questions from this Section.

2.i) Explain the difference between Central Bank and Commercial Bank.

ii) Describe the secondary functions of Commercial bank.

iii) Mention the kinds of bank accounts.

- iv) Define the terms cheque and bill of exchange as given in Negotiable Instruments Act 1881.
- v) In which two ways is a bill of exchange dishonoured?
- vi) Define Endorsement and describe any three of its types.
- vii) How does the Central Bank act as a banker to the government?
- viii) Explain the objectives of exchange control.
- ix) State the profitable and non-profitable uses of bank funds.
- x) Describe the relationship of scheduled banks with the State Bank of Pakistan.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks) 3

NOTE: Attempt any Two questions from this Section.

- 3. Classify and explain the functions of Commercial Bank.
- 4. What is meant by Credit Control? Describe the quantitative measures taken by the State Bank of Pakistan for controlling Credit in Pakistan.
- 5. Explain the difference between the balance of trade and balance of payment. How can unfavorable balance of payment be improved?

BANKING

2011

Time: 20 minutes

(Regular)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

- 1. Choose the correct answer for each from the given options:

i) The Central bank does its work for:

- * making profit
- * for the prosperity of country
- * to facilitate commerce
- * for the betterment of commercial activities

ii) A rise in Bank Rate discourages the:

- * depositors * creditors

* debtors * all of these

iii) Banks which are not enlisted with the central bank, are called:

* commercial banks * statutory banks

* non-scheduled banks * specialized banks

iv) Commercial banks transfer the funds from:

* One place to another place * one branch to another branch

* one bank to another bank * All of these

v) Credit creation is the most important function of:

* Co-operative bank * Saving bank

* Commercial bank * Central bank

vi) Fixed deposit account holder can withdraw his amount:

* at any time * after 2 years

* on the expiry of the term * none of these

vii) To open an account the applicant must be introduced by:

* a businessman * bank employee

* account holder * None of these

viii) Credit transaction is usually made through:

* a contract * simple agreement

* credit instrument * a Cheque

ix) The number of parties involved in a Cheque is:

* Two * Three * Four * Six

x) The holder of this is given grace days after the due date:

* Bank draft * Bill of exchange

* Cheque * Pay order

xi) Bank's fund is mainly comprised of money:

* Borrowed from Central bank * Customer's deposits

* Own capital * Bank profit

xii) For the cash credit the borrower pays interest on:

- * Whole amount
- * The actual amount drawn by him
- * High amount with lesser risk
- * All of these

xiii) A bank purchases securities which are:

- * transferable * marketable * non-transferable * insurable

xiv) Bank provides inexpensive media of exchange through:

- * Currency notes * Credit instruments
- * Bill of exchange * ATM

xv) Bank acts as custodian of customers:

- * Property * Valuables * Business * None of these

xvi) Central Banking System originated in this century:

- * 16th * 19th * 20th * 21st

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven questions from this Section. All questions can carry equal marks.

2.i) Explain the primary functions of Commercial Bank.

ii) List the functions of Central Bank.

iii) Distinguish between Scheduled Bank and Non-scheduled Bank.

iv) Describe the kinds of cross cheque.

v) How is unfavorable balance of payment converted into favorable balance of payment? Describe.

vi) Explain the importance of public savings in current era.

vii) List the profitable uses of bank funds and explain any two of them.

viii) What are the different types of Bank accounts? Explain.

ix) Define credit instruments.

x) How do commercial banks create credit-money?

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any two questions from this Section.

3. Define Exchange Rate. How is the exchange rate determined? Explain.
4. Under what circumstances is a Cheque dishonored by a bank?
5. Describe the origin of modern. Banking.

BANKING

2013

Time: 20 minutes

(Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

i) Central bank advances Loan to Commercial bank by:

- * Clearing House
- * Credit Control
- * Re-discounting bill of exchange
- * Maintaining cash reserve for commercial bank

ii) Lender of last resort for Commercial Bank is:

- * Central Bank
- * World Bank
- * Mortgagee Bank
- * Agricultural Bank

iii) Generally the number of parties to a cheque is:

- * One
- * Two
- * Three
- * Four

iv) The foreign Bank Draft is always payable on:

- * Demand
- * Specified Date
- * On signature
- * On expiry of two weeks

v) Bank overdraft is allowed by bank for:

- * A certain limit
- * a fixed limit
- * No limit
- * All of these

vi) Bank fund comprises mainly of money borrowed from:

- * Money lender * Loan
- * Account Holders * Other Banks

vii) When endorser signs his name only on the instrument this is known as:

- * Blank endorsement * Special endorsement
- * Restricted endorsement * Conditional endorsement

viii) Commercial Bank acts as underwriter for:

- * Shares * Bonds * Debentures * All of these

ix) Bank acts as the custodian of its customer's:

- * Property * Valuables * Business * Cash

x) Credit instrument includes:

- * Bill of exchange * Cheque
- * Promissory note * All of these

xi) A notice is served in case this is dishonored:

- * Bill of exchange * Cheque
- * Letter of credit * Promissory note

xii) The letter of credit is:

- * An order * A promise * A request * None of these

xiii) This account is not subject to Zakat:

- * Saving Account * Fixed Deposit Account
- * Current Account * Profit/Loss Account

xiv) Bank deals in:

- * Money * Money and Credit
- * Credit * All of these

xv) To open an account, the applicant must be introduced usually by:

- * Bank employee * Businessman
- * Account Holders * none of these

xvi) Bank registered with central bank are referred as:

- * Commercial Bank * Mudraba Bank
- * Registered Bank * Scheduled

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven questions from this Section.

- 2.i) What are the different types of bank deposit accounts? Describe.
- ii) Write a note on Clearing House Service.
- iii) Describe the various kinds of banks.
- iv) Write Sources of Long term finance.
- v) Under what circumstances can a Cheque be dishonored by the bank?
- vi) Explain various types of Endorsement.
- vii) What is meant by Balance of Trade?
- viii) What are the functions of a commercial bank? Explain any three.
- ix) Describe the crossing of cheque.
- x) Describe the Advantages of E-Banking.

SECTION 'C'

(DETAILED - ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section.

3. Explain in detail the functions of State Bank of Pakistan.
4. Describe various types of exchange control. What are the objectives of exchange control?
5. Define Bill of exchange and explain its kinds.

BANKING

2010

Time: 20 minutes

(Regular & Private)

Max Marks: 16

SECTION 'A'

(MULTIPLE CHOICE QUESTIONS) - (M.C.Qs.)

1. Choose the correct answer for each from the given options:

i) Cashier's Cheque is:

- * Bank draft * Pay order
- * Order Cheque * Bearer Cheque

ii) Foreign bill of exchange may be classified as:

- * Bill by time * Bill by place
- * Bill by payment * All of these

iii) The bill is originally accepted by:

- * Seller * Buyer * Bank * Creditor

iv) A notice must be served in case of dishonor of:

- * Cheque * Promissory Note
- * Cross Cheque * bill of exchange

v) If endorser signs on the back of negotiable instrument, it is called:

- * Restrictive * Special
- * Blank * sans recourse

vi) Credit cards are:

- * Cash coupon * Exchange card
- * Plastic money * Credit voucher

vii) The Letter of Credit is issued by a/an:

- * Exporter * Importer
- * Importers Bank * Drawer of the bill

viii) Lender of the last resort for Commercial Bank is:

- * World Bank * Central Bank

* Industrial Bank * Mortgage Bank

ix) The most common use of foreign payment is:

* Bank draft * Postal Order

* Bill of exchange * Money Order

x) State Bank of Pakistan was established on:

* 14th August 1947 * 1st July 1948

* 25th December 1947 * 1st January 1948

xi) Bank keeps deposits of:

* Public * Bank * Trader * Government

xii) State Bank of Pakistan is a:

* Chartered Bank * Statutory Bank

* Cooperative Bank * Public Bank

xiii) Banks registered with central bank are referred as:

* Registered Bank * Schedule Bank

* Limited Bank * Commercial Bank

xiv) Central bank advance loans to commercial banks by:

* Re-discounting bill of exchange

* Clearing House

* Credit Control

* Maintaining Cash Reserve of Commercial bank

xv) Money can be borrowed from:

* Banks * Credit Unions

* Life Insurance Companies * All of these

xvi) Credit instrument includes:

* Cheque * bill of exchange

* Promissory Note * All of these

SECTION 'B'

(SHORT - ANSWER QUESTIONS) (35 Marks)

NOTE: Attempt any Seven questions from this Section. All questions carry equal marks.

- 2.i) List the kinds of Bank by their functions and explain the Agricultural Bank.
- ii) What do you mean by credit creation?
- iii) List the kinds of cheque. Describe cross cheque.
- iv) Distinguish between the Promissory Note and a Cheque.
- v) Define Letter of Credit (LIC).
- vi) Central Bank acts as a clearing house. Discuss.
- vii) What is meant by balance of payment? Explain.
- viii) Explain purchasing power parity theory.
- ix) Explain the kinds of Endorsement.
- x) List of profitable and non profitable uses of Bank funds.

SECTION 'C'

(DETAILED -, ANSWER QUESTIONS) (24 Marks)

NOTE: Attempt any Two questions from this Section. All questions carry equal marks.

3. Define Bank and describe in detail the functions of a Commercial Bank.
4. Define Bank Funds and explain in detail the principles of employing bank fund.
5. What do you mean by credit control? Describe various methods adopted by Central Bank in this regard.

OR Define Rate of Exchange and describe the factors influencing the exchange rate.

BANKING

2009

Time: 20 minutes

(Regular & Private)

Max Marks: 16

SECTION 'A'

NOTE: Attempt any Five questions. All questions carry equal marks.

- 1.a) Explain the growth of modern banking.
- b) Distinguish between a Scheduled Bank and a Non-scheduled Bank.

2.21) Explain how a commercial bank creates credit.

b) Discuss in detail the functions performed by a Commercial bank.

3.a) What are the sources of Bank Funds?

b) How are bank funds employed? Explain.

4.a) Define a Central Bank.

b) Write the origin of the State Bank of Pakistan and state its functions briefly.

5a) What do you mean by Credit Instruments?

b) Under what circumstances is a Cheque dishonored by a bank?

6a) Define Endorsement and state its kinds.

b) Differentiate a bill of exchange and a promissory note.

7.3) What do you mean by a secured loan and an unsecured loan?

b) Suggest the measures for correcting an adverse Balance of Payments.

8. Write short notes on any Three of the following:

i) Exchange Control ii) Kinds of Bank Accounts iii) Noting and Protesting iv) Kinds of Cheque v) Online Banking

BANKING

2008

Time: 20 minutes

(Regular & Private)

Max Marks: 75

SECTION 'A'

NOTE: Attempt any Five questions. All questions carry equal marks.

1.a) Define Bank.

b) Describe the evolution of modern banking system.

2.a) List the primary and secondary functions of a commercial bank and describe the primary functions of a bank.

b) Describe the functions of the State Bank of Pakistan.

3.a) What is meant by Mortgage?

b) Describe in detail the principles of the use of bank funds.

4.a) List the different kinds of Credit Instruments.

b) Define the Bill of Exchange and describe its kinds.

5.a) Describe the advantages of a Clearing House.

b) Describe the methods of credit control by a central bank.

6.a) Define Endorsement and describe its kinds.

b) What is a Bank Draft? Explain.

7.a) Describe the objectives of Exchange Control.

b) What are the factors which affect the Rate of Exchange? Elucidate.

8. Write short notes on any Three of the following:

i) Letter of Credit

ii) Bill of Lading

iii) Kinds of a Bank

iv) Foreign Remittances v) Order Cheque and Bearer Cheque 1