



**ZIAUDDIN UNIVERSITY**  
EXAMINATION BOARD

**RESOURCES FOR**  
**“HSC-II BANKING”**  
**ZUEB EXAMINATIONS 2021**



**PREFACE:**

The ZUEB examination board acknowledges the serious problems encountered by the schools and colleges in smooth execution of the teaching and learning processes due to sudden and prolonged school closures during the covid-19 spread. The board also recognizes the health, psychological and financial issues encountered by students due to the spread of covid-19.

Considering all these problems and issues the ZUEB Board has developed these resources based on the condensed syllabus 2021 to facilitate students in learning the content through quality resource materials.

The schools and students could download these materials from [www.zueb.pk](http://www.zueb.pk) to prepare their students for the high quality and standardized ZUEB examinations 2021.

The materials consist of examination syllabus with specific students learning outcomes per topic, Multiple Choice Questions (MCQs) to assess different thinking levels, Constructed Response Questions (CRQs) with possible answers, Extended Response Questions (ERQs) with possible answers and learning materials.

**ACADEMIC UNIT ZUEB:**

### 1: Multiple Choice Questions:

The Multiple-Choice Questions with a stem, correct answer and 3 distractors or plausible wrong answers format is designed to assess the content and thinking of students from; R (Remembering); U(Understanding) and A (Applying, Analyzing, Evaluating, Creating). The questions are also classified into three difficulty levels accordingly; D (DIFFICULT), M (MODERATE), E (EASY)

#### HOW TO ATTEMPT AN MCQ:

##### MCQ:

- EACH MCQ HAS FOUR OPTIONS, A, B, C AND D. SELECT ONE OPTION AS THE BEST ANSWER AND FILL IN THE CIRCLE OF THAT OPTION, FOLLOWING THE INSTRUCTIONS GIVEN BY THE INVIGILATOR.
- USE BLACK PEN/PENCIL TO FILL IN THE CIRCLE.

Correct Way	Wrong Ways		
1	1	2	3
(a)	(a)	(a)	(a)
(b)	(b)	(b)	(b)
(c)	<del>(c)</del>	(c)	<del>(c)</del>
(d)	(d)	(d)	(d)

S#	MCQ'S MATERIAL	KEY	CL	DL
1.	<p><b>The word bank is derived from a word back which means</b></p> <p>a) Common fund b) Pay back c) Institution d) None</p>	<b>d</b>	K/A	M
2.	<p><b>Earliest bankers were</b></p> <p>a) Kings b) Government officials c) Gold smiths and money lenders d) None of the above</p>	<b>c</b>	K/A	E
3.	<p><b>One of the primary functions of a commercial bank is</b></p> <p>a) Paying of the bills b) Receiving the deposits c) Issuing credit cards d) Issuing debit cards</p>	<b>b</b>	K/A	E

4.	<b>The word banque means</b> a) Market place b) Treasury c) Bench d) Locker	<b>c</b>	<b>K/A</b>	<b>E</b>
5.	<b>The present day banker has three ancestors</b> a) Jews, Christians & Hindus b) Merchants, money lenders & gold smiths c) Merchants, bankers & marketers d) Money lenders, borrowers & depositors	<b>b</b>	<b>K/A</b>	<b>M</b>
6.	<b>State bank of Pakistan was established on</b> a) 14 <sup>th</sup> Aug.1947 b) 01 July,1948 c) 05 Jan.1947 d) 10 Dec.1948	<b>b</b>	<b>K/A</b>	<b>E</b>
7.	<b>Traces of banking can be seen in Sumerian civilization up to</b> a) 3400 B.C. b) 4000 B.C. c) 5000 B.C. d) 6000 B.C.	<b>b</b>	<b>K/A</b>	<b>D</b>
8.	<b>Three groups that play a significant role in the development of modern banking are merchants, money lenders and _____</b> a) Goldsmiths b) Household c) Governments d) Corporations.	<b>a</b>	<b>K/A</b>	<b>M</b>
9.	<b>The first bank of indo pak was</b> a) Bank of Bengal b) Imperial bank c) Bank of India d) National bank	<b>b</b>	<b>K/A</b>	<b>E</b>
10.	<b>A bank can be classified on the basis of its</b> a) Business b) Functions c) Nature d) None	<b>b</b>	<b>K/A</b>	<b>M</b>
11.	<b>A bank can be classified on the basis of its</b> a) Financial resources b) Growth c) Structure d) Building	<b>c</b>	<b>K/A</b>	<b>E</b>
12.	<b>A bank can be classified on the basis of its</b> a) perations b) Staff c) Net profit d) Assets	<b>a</b>	<b>K/A</b>	<b>E</b>

13.	<b>A bank can be classified on the basis of its</b> a) Credit expansion b) Ownership c) Net loss d) Trust worthiness	<b>d</b>	<b>K/A</b>	<b>E</b>
14.	<b>Scheduled banks are those banks</b> a) Which have a schedule of their account holders b) Which have a list of their employees c) Which are enlisted in the schedule of central bank d) All of the above	<b>c</b>	<b>K/A</b>	<b>M</b>
15.	<b>Non-Scheduled banks are those banks</b> a) Which are not registered with the world bank b) Which do not have a list of their employees c) Which are not enlisted in the schedule of central bank d) Which do not have a schedule of their account holders	<b>c</b>	<b>K/A</b>	<b>E</b>
16.	<b>The method in which bank operations are carried under the guidance of one head office, with no branch at all is known as</b> a) Single banking b) Unit banking c) Discrete banking d) Branch banking	<b>b</b>	<b>K/A</b>	<b>D</b>
17.	<b>The bank that renders one or few specialized banking functions is called</b> a) Objective banking b) Generalized banking c) Specialized banking d) Expert banking	<b>c</b>	<b>K/A</b>	<b>M</b>
18.	<b>Unit banks which have no branches, are mutually linked through</b> a) Messengers b) Meetings c) Correspondence d) None of the above	<b>d</b>	<b>K/A</b>	<b>E</b>
19.	<b>The bank which provides loans to the cultivators, harvesters or farmers is called</b> a) Farmers bank b) Kissan bank c) Agriculture bank d) Harvest bank	<b>c</b>	<b>K/A</b>	<b>M</b>
20.	<b>Which bank is called “The lender of the last resort?”</b> a) National bank b) Private bank c) Resort bank d) Central bank	<b>d</b>	<b>K/A</b>	<b>E</b>
21.	<b>Which bank provides facility of “clearing house” to commercial banks?</b> a) Habib bank b) Muslim commercial bank c) State bank of Pakistan d) All banks	<b>c</b>	<b>K/A</b>	<b>E</b>

22.	<b>Agriculture development bank is now called</b> a) Kissan tarraqiati bank b) Kashtkari bank c) Zarai tarraqiati bank d) Khushhali scheme bank	<b>c</b>	<b>K/A</b>	<b>E</b>
23.	<b>Agriculture development bank is now called</b> a) Kissan tarraqiati bank b) Kashtkari bank c) Zarai tarraqiati bank d) Khushhali scheme bank	<b>c</b>	<b>K/A</b>	<b>M</b>
24.	<b>Which bank prepares &amp; implements monetary policy</b> a) National bank b) State bank of Pakistan c) Metropolitan bank d) Money bank	<b>b</b>	<b>K/A</b>	<b>E</b>
25.	<b>Which bank is called bankers' bank</b> a) National bank b) State bank of Pakistan c) Habib bank d) Soneri bank	<b>b</b>	<b>K/A</b>	<b>D</b>
26.	<b>Which banks create credit?</b> a) Central banks b) Commercial banks c) State bank d) Industrial banks	<b>b</b>	<b>K/A</b>	<b>M</b>
27.	<b>Central bank of Pakistan is</b> a) National bank b) Eximp bank c) Development bank d) State bank	<b>d</b>	<b>K/A</b>	<b>E</b>
28.	<b>National bank of Pakistan came in to being in</b> a) 1947 b) 1948 c) 1949 d) 1950	<b>c</b>	<b>K/A</b>	<b>M</b>
29.	<b>The concept of "Islamic banking" in Pakistan was presented in</b> a) 1975 b) 1981 1980 c) 1985 d) 1988	<b>c</b>	<b>K/A</b>	<b>E</b>
30.	<b>A bank which provides financial assistance to its registered members only is called</b> a) Saving bank b) Exchange bank c) Co-operative bank d) Agriculture bank	<b>c</b>	<b>K/A</b>	<b>E</b>

31.	<b>In U.S.A. Islamic banking is carried out in the name of</b> a) Joint venture banking b) Capital venture banking c) Equity participation banking d) None of the above	<b>d</b>	K/A	E
32.	<b>Banks also underwrite</b> a) Bonds b) Debentures c) Shares d) Prize bonds	<b>c</b>	K/A	M
33.	<b>Commercial banks keep deposits of</b> a) Government b) Public c) Central bank d) Other banks	<b>b</b>	K/A	E
34.	<b>Saving banks are also called _____.</b> a) investment banks b) thrift promoting institutions c) mutual funds d) merchant banks	<b>C</b>	K/A	D
35.	<b>Habib Bank was established on _____.</b> a) 1941 /1940 b) 1948 c) 1943 d) 1947		K/A	M
36.	<b>Murabaha is also called</b> a) Buy back system b) Pay back system c) Pay earlier system d) None of the above	<b>D</b>	K/A	E
37.	<b>The seller undertakes to supply specific goods to the buyer at a future date in exchange of an advance price fully paid at spot; this mode of Islamic banking is called</b> a) Salam b) Murabaha c) Musharaka d) None of the above	<b><u>D</u></b>	K/A	M
38.	<b>It is a sale transaction where a commodity is transacted before it comes in to existence</b> a) Istisna b) Salam c) Mudarba d) Mussamiwa	<b>a</b>	K/A	E

39.	<b>The commercial banks which are registered with the central bank are called _____.</b>  a) Scheduled/ Member banks b) Government banks c) Thrift d) DFIs	<b>a</b>	<b>K/A</b>	<b>E</b>
40.	<b>Which of the following is the source of commercial banks' funds?</b>  a) capital b) deposits c) non depository borrowings d) all of them	<b>d</b>	<b>K/A</b>	<b>E</b>
41.	<b>Which of the following is the use of the funds for commercial banks?</b>  a) loans b) purchase of securities c) reserves d) all of them	<b>d</b>	<b>K/A</b>	<b>M</b>
42.	<b>On commercial banks' balance sheet which of the following is an asset?</b>  a) capital account b) reserve with central bank c) transactions deposits d) all of them	<b>b</b>	<b>K/A</b>	<b>E</b>
43.	<b>Typically, the largest portion of bank profits stems from _____.</b>  a) loans b) investment in securities c) fees for services d) derivatives	<b>a</b>	<b>K/A</b>	<b>D</b>
44.	<b>Which of the following bank's assets is the most liquid?</b>  a) Consumer loans b) State and local government securities c) Physical capital d) Foreign government securities	<b>b</b>	<b>K/A</b>	<b>M</b>
45.	<b>The total reserves _____.</b>  a) equal the deposit holds with the central bank b) equal the bank holding of government securities c) can be divided into required reserves plus excess reserves d) equal both (i) and (ii) of the above	<b>d</b>	<b>K/A</b>	<b>E</b>
46.	<b>When banker accepts the securities for safe custody, the relationship between a banker and a customer is that of _____</b>  a) debtor and a creditor b) trusty and beneficiary c) principal and agent d) none of the above	<b>b</b>	<b>K/A</b>	<b>M</b>



47.	<b>Overdraft facility is provided only on _____.</b> a) current account b) PLS account c) saving account d) fixed deposit account	<b>a</b>	<b>K/A</b>	<b>E</b>
48.	<b>Which of the following is considered as a commercial bank's lending?</b> a) Issuance of CDs b) Issuance of bonds c) Federal funds sold d) Purchase of shares of a company	<b>c</b>	<b>K/A</b>	<b>E</b>
49.	<b>A bank's primary reserve includes _____.</b> a) Vault cash b) reserve with the central bank c) treasury bills, notes and bonds d) first two above	<b>d</b>	<b>K/A</b>	<b>E</b>
50.	<b>Restrictions on the branch banking ultimately led to:</b> a) creation of bank holding companies b) rapid development of electronic banking c) increase in the number of banks owned by a single group d) all of the above	<b>d</b>	<b>K/A</b>	<b>M</b>
51.	<b>A bank's failure is more likely to occur when:</b> a) bank holds more government securities b) bank suffers large deposit outflows c) bank holds more excess reserves d) bank has more bank capital	<b>b</b>	<b>K/A</b>	<b>E</b>
52.	<b>If interest rates are expected to fall in the future, the banker is likely to _____.</b> a) make short term rather than long term loans b) buy short term rather than long term bonds c) buy long term rather than short term bonds d) do both (a) and (b) above	<b><u>d</u></b>	<b>K/A</b>	<b>D</b>
53.	<b>Items listed on the liability side of the banks' balance sheet includes</b> a) bank capital b) loans c) reserves d) all of the above	<b>c</b>	<b>K/A</b>	<b>M</b>
54.	<b>Banks create money when they:</b> a) reduce loans and sell securities b) expand loans and sell securities c) reduce loans and buy securities d) expand loans and buy securities	<b>a</b>	<b>K/A</b>	<b>E</b>
55.	<b>CRR stands for _____.</b> a) cash reserve ratio b) credit rating requirements c) credit restructuring regulations d) none of the above	<b><u>a</u></b>	<b>K/A</b>	<b>M</b>

56.	<b>Anum Jahangir kept her land as collateral for some loan borrowed from bank, what type of security is this</b>  a) Lien b) Charge c) Bailment d) Mortgage	<u><b>d</b></u>	K/A	E
57.	<b>Industrial development bank ltd. Is considered as a bank because of its</b>  a) Ownership b) Building c) Staff d) Functions	<b>d</b>	K/A	E
58.	<b>A commercial bank is in dire need of money, it encased its bill of exchange from the central bank before the maturity date of the bill, this facility is known as</b>  a) Discounting of bill of exchange b) Borrowing loan from the central bank c) Rediscounting of bill of exchange d) Dishonor of bill of exchange	<u><b>a</b></u>	K/A	E
59.	<b>Ahsan Amin is the owner of Syed Corporation; he sold his A/c receivable to one of the company unconditionally, which of the following provided this type of service?</b>  a) Acceptance house b) Loan granting association c) Sales finance companies d) Factor company	<u><b>d</b></u>	K/A	M
60.	<b>When there is a decrease in required reserve ratio then credit money</b>  a) Shrinks b) Expands c) Remains same d) None of the above	<u><b>b</b></u>	K/A	E
61.	<b>The Imperial Bank of India was named as the—</b>  a) Reserve Bank of India b) State Bank of India c) Union Bank of India d) Bank of India	<u><b>a</b></u>	K/A	D
62.	<b>Which of the following terms is not used in Banking?</b>  a) Balance of Trade b) Centrifugal force c) Balance of Payment d) Fiscal Deficit	<u><b>b</b></u>	K/A	M
63.	<b>Which of the following statements is true?</b>  a) The license to open branches of bank is granted by Board Directors of that Bank b) There is no need of licenses to open branch of a bank c) A license to open a branch is issued by the Central Government d) A license to open a branch is issued by the State Bank of Pakistan	<u><b>d</b></u>	K/A	E

64.	<b>The important condition for granting license of banking companies is?</b>  a) Banking company need not plan to pay for future depositors b) Banking company can plan for its capital structure once the license is granted c) The business undertaken by the banking company should not frustrate the interest of public d) The banking company can undertake business other than banking with the permission of annual general body	<u>c</u>	K/A	M
65.	<b>The opening of an account in bank in the establishment of:</b>  a) Banker & Govt. relationship b) Banker & Banker relationship c) Banker & customer relationship d) All of the above.	<u>c</u>	K/A	E
66.	<b>By opening a bank account at a bank a person become a:</b>  a) Debtor of the bank b) Creditor of the bank c) Customer of the bank d) Both II & III	c	K/A	E
67.	<b>Prudential regulation means:</b> a) Amendments in banking laws b) Effective monitoring & regulating of banking operations c) Customer & bank working relationship d) All of the above	b	K/A	E
68.	<b>Prudential regulation KYC in related to</b> a) Kill your customer b) Know your customer c) Care for the customer d) None of the above	<u>b</u>	K/A	M
69.	<b>Before opening up an account a banker must obtain the information regarding:</b> a) Date of birth of the account holder b) Integrity computing, respectability, occupation or the business of the account holder c) Only nationality of the account holder d) None of the above	<u>b</u>	K/A	E
70.	<b>Failure to obtain basic necessary information regarding the customer, before opening on account makes the banker liable under:</b> a) Section 7 of the bills of Exchange Act, 1881. b) Section 1 of the bills of Exchange Act, 1881 c) Section 82 of the bills of Exchange Act, 1881 d) None of the above	<u>d</u>	K/A	D
71.	<b>Preliminary inquiry about the customer before opening of an account is necessary to avoid.</b>  a) Interest paid to customer b) Frauds & errors c) Records Keeping d) All of the above	<u>b</u>	K/A	M

72.	<b>While opening an account the specimen signatures one taken on:</b> a) Specimen ledger b) Specimen card c) Specimen book d) Specimen sheet	<b><u>b</u></b>	K/A	E
73.	<b>An illiterate person must give thumb impression of:</b> a) His / Her right hand b) His / Her left hand c) His / Her both hand d) None of the above	<b><u>b</u></b>	K/A	M
74.	<b>An account of pardah nasheen women (veil observing women) is usually.</b> a) Entertained by the banker b) Guaranteed by the banker c) Avoid by the banker d) Cancelled by the banker	<b><u>a</u></b>	K/A	E
75.	<b>If the notice regarding the death of the customer is received to bank. It will.</b>  a) Stop the payment of the cheque. b) Make the payment of the cheque. c) Both I & II d) None of the above	<b><u>a</u></b>	K/A	E
76.	<b>“It will involve the banker in the difficulty of choosing between the risk of un justifiably dishonoring the customer’s cheque on the one hand and of being held to have debited his account without adequate authority on the other” These words of Dr.Hart one regarding the:</b>  a) Occupation of the account holder b) Lunacy of the account holder c) Death of the account holder d) Retirement of the account holder	<b>c</b>	K/A	E
77.	<b>The depositions who intend to keep their money for a fixed period of time in account, it is called</b>  a) Current & loss sharing account b) Profit & loss sharing account c) Fixed deposit account d) All of the above	<b>c</b>	K/A	M
78.	<b>The receipt which is issued against the receipt of fixed deposit amount is called.</b>  a) Fixed deposit register (FDR) b) Fixed deposit receipt (FDR) c) Fixed deposit revenue (FDR) d) None of the above	<b>b</b>	K/A	E
79.	<b>From which account depositor cannot withdraw money usually more than twice a week.</b> a) Current account b) Saving account c) Profit & loss account d) None of the above	<b>a</b>	K/A	D

80.	<b>The transaction in current account are:</b> a) 100 b) 500 c) Un-limited d) None of the above	<b>c</b>	<b>K/A</b>	<b>M</b>
81.	<b>In fixed deposit account interest is allowed at:</b> a) Minimum rate b) Highest rate c) Nominal rate d) None of the above	<b><u>c</u></b>	<b>K/A</b>	<b>E</b>
82.	<b>According to majority Act 1856, A minor:</b> a) Cannot open a bank account b) Can open a bank account c) Can once open a bank account d) None of the above	<b><u>a</u></b>	<b>K/A</b>	<b>M</b>
83.	<b>An account opened by a minor is:</b> a) Un-restricted b) Restricted c) Un-conditional d) All of the above	<b><u>b</u></b>	<b>K/A</b>	<b>E</b>
84.	<b>General relationship of bank and customer is of:</b> a) Debtor & creditors b) Manager & customer c) Boss & subordinate d) None of the above	<b><u>a</u></b>	<b>K/A</b>	<b>E</b>
85.	<b>When bank advances loan to its customer against security of immoveable property, then the relationship between Banker &amp; the customer becomes of:</b> a) Pawnee & pawnor b) Mortgagor & mortgagee c) Principal & agent d) None of the above	<b><u>b</u></b>	<b>K/A</b>	<b>E</b>
86.	<b>When bank perform agency service to its customer than the relationship between banker &amp; customer becomes of:</b> a) Agent & principal b) Bailer & Bailee c) Pawnor & Pawnee d) None of the above	<b><u>a</u></b>	<b>K/A</b>	<b>M</b>
87.	<b>One of the main duty of a bank is</b> a) To provide air conditioned office to customer b) To honor the cheque. c) To provide training to customer d) None of the above	<b><u>d</u></b>	<b>K/A</b>	<b>E</b>
88.	<b>The right of the bank to retain property of the customer until the debt is repaid. It is known as.</b> a) Right of controlling b) Bank's Lien c) Right of interference d) None of the above	<b><u>b</u></b>	<b>K/A</b>	<b>D</b>

89.	<b>An account may be closed by the order of the:</b> a) Court b) Governor c) National assembly d) City council	<u>a</u>	K/A	M
90.	<b>Bills of exchange are also called.</b> a) Loan draft. b) Mortgage paper c) Eligible paper d) None of the above	d	K/A	E
91.	<b>Chief executive of the bank is</b> a) Chairman b) Senior director c) Governor d) None	b	K/A	M
92.	<b>The Governor is appointed by</b> a) Parliament b) Senate c) President of the country d) Prime minister of the country	<u>c</u>	K/A	E
93.	<b>The Governor of SBP is appointed for</b> a) 01 year b) 02 year c) 03 year d) 04 year	<u>c</u>	K/A	E
94.	<b>In the board of directors there are</b> a) Five directors. b) Six directors c) Seven directors d) Eight directors	<u>c</u>	K/A	E
95.	<b>On 1 July 1948, SBP was inaugurated by</b> a) Liaquat Ali Khan b) Quaid-e-Azam c) Sardar Abdur Rab Nishtar d) None of them	<u>b</u>	K/A	M
96.	<b>Under section 24 of SBP Act 1956 the SBP has the sole right to:</b> a) Issue currency notes b) Create credit c) Borrow money d) None	<u>a</u>	K/A	E
97.	<b>Normally what % of commercial banks deposits SBP keeps to itself as reserve.</b> a) 3% b) 5% c) 8% d) 10%	<u>b</u>	K/A	D

98.	<b>Which of the following is the function of SBP?</b> a) Trading house b) Money house c) Clearing house d) Borrowing house	<b>c</b>	<b>K/A</b>	<b>M</b>
99.	<b>SBP is responsible for maintaining which of the value of Pak rupee.</b> a) Internal b) External c) Both internal & external d) None of the above	<b><u>c</u></b>	<b>K/A</b>	<b>E</b>
100.	<b>SBP also acts a</b> a) Custodian of customers' valuables b) Custodian of property c) Custodian of foreign exchange reserves d) None	<b><u>c</u></b>	<b>K/A</b>	<b>M</b>
101.	<b>Which of the following is one of the most important functions of SBP?</b> a) Opening General public accounts b) Lender of the last resort c) Issuing cheque books to checking accounts d) None of the above	<b><u>b</u></b>	<b>K/A</b>	<b>E</b>
102.	<b>One of the most important functions of SBP is the formulation, implementation &amp; monitoring of.</b> a) Discounting the bills of exchange of general public b) Monetary policy c) Trade policy d) None of the above	<b><u>b</u></b>	<b>K/A</b>	<b>E</b>
103.	<b>SBP works as:</b> a) Bank of the banks b) Bank of the general public c) Bank of the IMF d) All of the above	<b><u>a</u></b>	<b>K/A</b>	<b>E</b>
104.	<b>Following are the principles of using bank funds</b> a) Diversity b) Liquidity c) Judicious utilization d) All of the above	<b>d</b>	<b>K/A</b>	<b>M</b>
105.	<b>Diversity can best be explained as</b> a) Put all your eggs in one basket b) Put your all eggs in other's basket c) Do not put your eggs in the basket d) Do not put all of your eggs in one basket	<b>d</b>	<b>K/A</b>	<b>E</b>
106.	<b>A bank should care for</b> a) Safety b) Profitability c) Liquidity d) All of the above	<b><u>d</u></b>	<b>K/A</b>	<b>D</b>

107.	<b>Money can be borrowed from</b> a) Mudarba companies b) Leasing companies c) Banks d) Trade unions	<b>c</b>	<b>K/A</b>	<b>M</b>
108.	<b>Following is not included in the 5 C's of credit management</b> a) Capital b) Character c) Capacity d) Cash	<b><u>d</u></b>	<b>K/A</b>	<b>E</b>
109.	<b>Following is included in the 5 C's of credit management</b> a) conditions b) Character c) Customer d) Both I & II	<b><u>d</u></b>	<b>K/A</b>	<b>M</b>
110.	<b>Following are the types of use of bank funds</b> a) Profitable use b) Non-profitable use c) Practical use d) Both I & II	<b><u>d</u></b>	<b>K/A</b>	<b>E</b>
111.	<b>Ramsha majeed is bank manager, she kept 5% of her bank's deposit at the state bank of Pakistan, and this is the example of</b> a) Non-judicious use of bank funds b) Non-profitable use of bank funds c) Profitable use of bank funds d) All of the above	<b><u>b</u></b>	<b>K/A</b>	<b>E</b>
112.	<b>Following are the examples of profitable use of bank funds</b> a) Loans b) Investments c) Charities d) Both I & II	<b><u>d</u></b>	<b>K/A</b>	<b>E</b>
113.	<b>Call loans may be of</b> a) Few hours b) Few days c) Few weeks d) All of the above	<b>d</b>	<b>K/A</b>	<b>M</b>
114.	<b>Call loans are</b> a) Secured loans b) Un-secured loans c) Both of I & II d) None of the above	<b><u>a</u></b>	<b>K/A</b>	<b>E</b>
115.	<b>Call loans are obtained usually by</b> a) Bill brokers b) Bill of exchange dealers c) Bill of exchange discounting institutions d) All of the above	<b><u>a</u></b>	<b>K/A</b>	<b>D</b>



116.	<b>Call loans are backed up by</b> a) Collateral b) Credit c) Personal guarantee d) None of the above	<u>a</u>	K/A	M
117.	<b>Over draft facility is granted to</b> a) General public b) Business men c) Business men who are also the current holder of the bank d) Government officials	<u>c</u>	K/A	E
118.	<b>Following are the types of government securities except</b> a) Treasury bills b) Coupons c) Treasury bonds d) Shares of public limited companies	<u>d</u>	K/A	M
119.	<b>Treasury bonds are of</b> a) Short term period b) Long term period c) One month d) None of the above	<u>b</u>	K/A	E
120.	<b>Treasury bills may be issued for</b> a) One month b) Three months c) Six months d) All of the above	<u>d</u>	K/A	E
121.	<b>Blue chips are shares of those companies which have</b> a) Least market value b) Lowest market value c) Highest market value d) None of the above	<u>c</u>	K/A	E
122.	<b>Investment in foreign government bonds is also the example of</b> a) Profitable use of bank funds b) Non- Profitable use of bank funds c) Unsuitable use of bank funds d) All of the above	<u>a</u>	K/A	M
123.	<b>Following are the sources of bank funds except</b> a) Capital b) Deposits c) Retained earnings d) Aid	<u>d</u>	K/A	E
124.	<b>Deposits can mainly be divided in</b> a) Time deposits b) Demand deposits c) Both I & II d) All of the above	<u>d</u>	K/A	D

125.	<b>Bank capital comprises of the following</b> a) Paid up capital b) Authorized capital c) Retained earnings d) Both I & III	<b>d</b>	K/A	M
126.	<b>Cheque book is not issued in following type of account</b> a) Non term deposit b) Term deposit c) Current account d) None of the above	<b><u>d</u></b>	K/A	E
127.	<b>Term deposit account is also called</b> a) Checking account b) Non-checking account c) Control account d) All of the above	<b><u>b</u></b>	K/A	M
128.	<b>Rohait Kumar is the president of a commercial bank , the cash reserve of his bank has fallen less than 5 % at the state bank of Pakistan, in order to meet this shortage His bank takes loan from another bank which has surplus of cash reserve ratio at state bank of Pakistan, this process is known as</b> a) Borrowing of money b) Cash credit c) Purchase of federal funds d) Sale of federal funds	<b><u>c</u></b>	K/A	E
129.	<b>Following are not the principles of uses of bank funds except</b> a) Diversity b) Universality c) Acceptability d) Flexibility	<b><u>b</u></b>	K/A	E
130.	<b>According to safety principle, a bank should invest</b> a) Against some collateral b) In speculative businesses c) Financially strong businesses d) Both I & III	<b><u>d</u></b>	K/A	E
131.	<b>All are the examples of liquid assets, except</b> a) Short term loans b) Blue chips c) Over draft d) Purchase of building	<b><u>d</u></b>	K/A	M
132.	<b>Cheque can be best described as</b> a) Cheque are payable when needed b) Cheque are bills of exchange drawn on banker payable on demand c) Cheque are cross cheque only d) Cheque are credit instrument which can be endorsed.	<b>d</b>	K/A	E

133.	<b>Cheque is a written</b> a) Promise b) Order c) Request d) All of the above	<b>a</b>	<b>K/A</b>	<b>D</b>
134.	<b>What does stale cheque means.</b> a) Cheque is older than one months b) Cheque is older than three months c) Cheque is older than six months d) Cheque is older than ten months	<b>c</b>	<b>K/A</b>	<b>M</b>
135.	<b>Bank is legally responsible to pay against cheques but when it refuses to do, on certain grounds it is called.</b> a) Crossing of the cheque b) Dishonor of the cheque c) Honoring of the cheque d) All of the above	<b><u>b</u></b>	<b>K/A</b>	<b>E</b>
136.	<b>According to summary chapter section 37(2) dishonoring of a cheque was.</b> a) Dishonesty b) Demoralization c) Civil offense d) Criminal offense	<b><u>c</u></b>	<b>K/A</b>	<b>M</b>
137.	<b>Under which condition a bank will stop the payment of a cheque when it has received a notice of.</b> a) Change in nationality of the account holder b) Change in residence of the account holder c) Death or bankruptcy of the account holder d) All of the above	<b><u>c</u></b>	<b>K/A</b>	<b>E</b>
138.	<b>NSF stands for</b> a) Non suitable funds b) Not so forward c) None sufficient forms d) Non-sufficient funds	<b>d</b>	<b>K/A</b>	<b>E</b>
139.	<b>Those devices which are used in business for credit transactions called.</b> a) Credit instruments b) Credit techniques c) Credit determinants d) None	<b>a</b>	<b>K/A</b>	<b>E</b>
140.	<b>Which one contains all credit instruments?</b> a) Bills of exchange promissory note, bank drafts b) Cash, cheque, debit memo c) Credit memo, voucher invoice d) None	<b>a</b>	<b>K/A</b>	<b>M</b>

141.	<b>Credit instruments may be classified in to:</b> a) Real & fake b) Negotiable & non-negotiable c) Primary & secondary d) All of the above	<b>b</b>	<b>K/A</b>	<b>E</b>
142.	<b>The credit instruments which are transferable from one hand to another are known as:</b> a) Bilateral instruments b) Mutual instruments c) Negotiable instruments d) All of the above	<b>c</b>	<b>K/A</b>	<b>D</b>
143.	<b>One of the characteristics of negotiable instrument is:</b> a) Quality b) Quantity c) Guarantee d) Transferability	<b>d</b>	<b>K/A</b>	<b>M</b>
144.	<b>“An un-conditional order in writing, addressed by one person to another, signed by the person of giving it, requiring the person to whom it is addressed to pay on demand or at a fixed or determinable future time, a sum certain in money to or to the order of a specified person or to the bearer” this definition is referred to.</b> a) Bank draft b) Challan c) Bill of exchange d) All of the above	<b>c</b>	<b>K/A</b>	<b>E</b>
145.	<b>Those bills which are drawn &amp; paid within the country are.</b> a) National debt bills b) Inland bill c) City bill d) All of the above	<b>b</b>	<b>K/A</b>	<b>M</b>
146.	<b>When the drawer of the bill is in one country and the drawee in another such bills are called.</b> a) Outsider bill b) Alien bill c) Foreign bill d) American bill	<b>d</b>	<b>K/A</b>	<b>E</b>
147.	<b>Those bills which are issued for a definite period of time and are payable on the maturity of that period are called.</b> a) Date bill b) Time bill c) Expiry bill d) None	<b>d</b>	<b>K/A</b>	<b>E</b>
148.	<b>Those bills which are payable to any person who bears on carries it, are called:</b> a) Order bill b) Bearer bill c) Direct bill d) Holder bill	<b>b</b>	<b>K/A</b>	<b>E</b>

149.	<b>When the payment of the bill is restricted only to person whose name has been mentioned in the bill such bill are known as</b>  a) Order bill b) Trade bill c) Bearer bill d) Documentary bill	<b>a</b>	<b>K/A</b>	<b>M</b>
150.	<b>The parties to a bill of exchange generally are.</b>  a) Drawer, banker, business partner b) Drawer, banker middleman c) Drawer, drawee, payee d) All of the above	<b>c</b>	<b>K/A</b>	<b>E</b>
151.	<b>Which of the following term is used through which a country makes payments to other?</b>  a) Local currency b) Foreign remittance c) Foreign exchange d) None	<b>c</b>	<b>K/A</b>	<b>D</b>
152.	<b>The most simple expressed of the term foreign exchange can be described as.</b>  a) The method of receiving money. b) The method of foreign payment. c) The method of collecting aid. d) All of the above	<b>b</b>	<b>K/A</b>	<b>M</b>
153.	<b>_____ includes both visible and invisible items.</b>  a) Balance of Payment b) Balance of Trade c) Balanced Budget d) Surplus Budget	<b>b</b>	<b>K/A</b>	<b>E</b>
154.	<b>An appreciation of the rupee relative to the U.S dollar would _____.</b>  a) increase U.S imports from Pakistan b) Increase U.S exports to Pakistan c) Raise cost to Americans for Pakistani imports d) Increase the U.S surplus of Balance of Payment	<b>c</b>	<b>K/A</b>	<b>M</b>
155.	<b>When rupee depreciates in value it benefits _____ and harms _____.</b>  a) Pakistani exporters, Pakistani consumers b) Pakistani exporters, Foreign consumers c) Foreign exporters, Pakistani exporters d) Foreign exporters, Pakistani tourists	<b>a</b>	<b>K/A</b>	<b>E</b>
156.	<b>In the long run rupee would appreciate if _____.</b>  a) Pakistani goods' prices fall and Pakistan increase tariffs on imports b) Pakistani goods' prices fall and Pakistan removes all import quotas c) interest rate rises in Pakistan and Pakistan removes all tariffs on imported goods d) None of the above	<b>a</b>	<b>K/A</b>	<b>E</b>

157.	<b>If the rupee moves from 0.0125 U. S dollar to 0.0135 U.S dollar then:</b>  a) the rupee appreciates b) the rupee depreciates c) the dollar appreciates d) none of them	<b>a</b>	K/A	E
158.	<b>Monetary policy consists of:</b>  a) controlling taxes to influence consumer and business spending b) adjusting the level of government expenditures to stimulate the economic activity c) influencing the availability of bank credit by changing the interest rate d) none of the above	<b>c</b>	K/A	M
159.	<b>Greater imports show that</b>  a) Economic progress b) More use of foreign exchange c) Less use of foreign exchange d) None of the above	<b>d</b>	K/A	E
160.	<b>Who propounded the purchasing power parity theory?</b>  a) David Ricardo b) John Stewart mill c) Gustav Cassel d) Irving fisher	<b>d</b>	K/A	D
161.	<b>Balance of payments mainly exist on</b> a) Local trade within the country b) International imports & exports c) All the expenditures of the country d) None of the above	<b>d</b>	K/A	M
162.	<b>Foreign exchange is affected by</b> a) I.M.F. b) Influence of stock exchange c) Influence of world bank d) All of the above	<b>d</b>	K/A	E
163.	<b>Foreign exchange means</b> a) Rate of exchange b) The system by which currency of one country is converted in to another c) The system by which foreign countries discharge their debts d) All of the above	<b>b</b>	K/A	M
164.	<b>If \$1 = Rs.110 so Rs.1 would be equal to</b> a) 0.009090 b) 0.500000 c) 0.750000 d) 0.100000	<b>a</b>	K/A	E
165.	<b>I.M.O. stands for</b> a) International mail order b) International money order c) International monetary order	<b>b</b>	K/A	E

	d) International many order			
166.	<p><b>Through effective use of exchange control which of the following can be controlled?</b></p> <p>a) Law and order b) Inflow of capital c) Flight of capital d) Unemployment</p>	<b>c</b>	K/A	E
167.	<p><b>“Regulating all foreign exchange activities and matters by and bringing them under the jurisdiction of a centralized authority is called _____?”</b></p> <p>a) Exchange control b) Poverty control c) Unemployment control d) Inflation control</p>	<b>a</b>	K/A	M
168.	<p><b>Which of the following is not the aim &amp; objective of exchange control?</b></p> <p>a) Increase in foreign aid b) Exchange rate c) Foreign exchange reserve d) Correction of adverse balance of payment</p>	<b>a</b>	K/A	E
169.	<p><b>Which of the following is not the aim &amp; objective of exchange control?</b></p> <p>a) Correction of adverse balance of payment b) Attaining sustained growth rate c) Stabilizing gold reserves d) Stabilizing local currency reserves</p>	<b>c</b>	K/A	D
170.	<p><b>Which of the following is not the aim &amp; objective of exchange control?</b></p> <p>a) Creating some authority to control foreign exchange b) Controlling general price level c) Blocking flight of capital d) Increase in supply of local currency</p>	<b>d</b>	K/A	M
171.	<p><b>Which of the following is not the aim &amp; objective of exchange control?</b></p> <p>a) Better economic planning b) Attaining gold reserves c) Attaining foreign exchange reserves d) Controlling violence in the country</p>	<b>d</b>	K/A	E
172.	<p><b>Which of the following is the aim &amp; objective of exchange control?</b></p> <p>a) To control exchange rate b) To pace industrialization process in the country c) To increase in government revenues d) All of the above</p>	<b>d</b>	K/A	M
173.	<p><b>Which of the following is the aim &amp; objective of exchange control?</b></p> <p>a) To attain sustained growth rate b) To maintain general price level</p>	<b>d</b>	K/A	E

	<ul style="list-style-type: none"> <li>c) To control drain of capital from the country</li> <li>d) All of the above</li> </ul>			
174.	<p><b>Which of the following is the aim &amp; objective of exchange control?</b></p> <ul style="list-style-type: none"> <li>a) To control exchange rate</li> <li>b) To increase government revenues</li> <li>c) To pay the debts of commercial banks</li> <li>d) Both I &amp; II</li> </ul>	<b>d</b>	K/A	E
175.	<p><b>Which of the following is not the aim &amp; objective of exchange control?</b></p> <ul style="list-style-type: none"> <li>a) To collect taxes</li> <li>b) To exhaust natural resources</li> <li>c) To discover new business ventures</li> <li>d) All of the above</li> </ul>	<b>d</b>	K/A	E
176.	<p><b>Which of the following is not the aim &amp; objective of exchange control?</b></p> <ul style="list-style-type: none"> <li>a) To invent latest technologies</li> <li>b) To obtain inflationary gap.</li> <li>c) To control general public</li> <li>d) All of the above.</li> </ul>	<b>d</b>	K/A	M
177.	<p><b>After devaluation of currency of a country</b></p> <ul style="list-style-type: none"> <li>a) Exporters are encouraged</li> <li>b) Exporters are discouraged</li> <li>c) Exporters leave the country</li> <li>d) None of the above</li> </ul>	<b>a</b>	K/A	E
178.	<p><b>All foreign exchange transactions of a country are centralized monitored by</b></p> <ul style="list-style-type: none"> <li>a) Central bank</li> <li>b) National bank</li> <li>c) Habib bank</li> <li>d) Allied bank</li> </ul>	<b>a</b>	K/A	D
179.	<p><b>I.M.F. was established on</b></p> <ul style="list-style-type: none"> <li>a) December 27<sup>th</sup>,1945</li> <li>b) July Ist,1947</li> <li>c) January 5<sup>th</sup>,1980</li> <li>d) January 27<sup>th</sup>,1947</li> </ul>	<b>a</b>	K/A	M
180.	<p><b>International bank for reconstruction &amp; development is now known as</b></p> <ul style="list-style-type: none"> <li>a) World bank</li> <li>b) Imperial bank</li> <li>c) Manhattan bank</li> <li>d) None of the above</li> </ul>	<b>a</b>	K/A	E
181.	<p><b>World bank was established on</b></p> <ul style="list-style-type: none"> <li>a) July,1944</li> <li>b) July,1948</li> <li>c) June,1944</li> <li>d) June,1948</li> </ul>	<b>b</b>	K/A	M



182.	<b>World bank head office is located at</b> a) Washington b) New York c) Detroit d) Michigan	<b>a</b>	<b>K/A</b>	<b>E</b>
183.	<b>World bank was established under</b> a) Bretton wood agreement b) Bolton wood agreement c) General agreement on trade & tariff (G.A.T.T.) d) None of the above	<b>a</b>	<b>K/A</b>	<b>E</b>
184.	<b>Which of the following are the objectives &amp; functions of world bank</b> a) Foreign investment b) Reconstruction c) Balanced foreign trade d) All of the above	<b>b</b>	<b>K/A</b>	<b>E</b>
185.	<b>S.D.R. stands for</b> a) Special design rights b) Special drawings rights c) Special drafting rights d) All of the above	<b>b</b>	<b>K/A</b>	<b>M</b>
186.	<b>The executive committee of I.M.F. consists upon</b> a) 12 members b) 15 members c) 18 members d) 20 members	<b>a</b>	<b>K/A</b>	<b>E</b>
187.	<b>Which of the following are not the objectives &amp; functions of I.M.F</b> a) Promotion of international monetary co-operation b) Elimination of un-necessary restrictions on foreign trade c) Providing loans to the member's countries d) Eliminating war between the countries	<b>d</b>	<b>K/A</b>	<b>D</b>
188.	<b>Which of the following are the objectives &amp; functions of I.M.F</b> a) Elimination of un-necessary restrictions on foreign trade b) Providing loans to the member's countries c) Promotion of international monetary co-operation d) All of the above	<b>d</b>	<b>K/A</b>	<b>M</b>
189.	<b>In the conference held at New Hampshire, U.S.A. how many counties participated</b> a) 44 b) 54 c) 64 d) 74	<b>a</b>	<b>K/A</b>	<b>E</b>
190.	<b>Asian development bank (A.D.B.) started functioning in</b> a) Dec.1966 b) Dec.1967 c) Dec.1968 d) Dec.1969	<b>a</b>	<b>K/A</b>	<b>M</b>



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