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Banking Laws & Practices

Solved MCQS

Question # 1 of 15

All of the following are provisions regarding management of banks, under The Banks (Nationalization) Act, 1974, EXCEPT:

- ▶ The Chief Executive and other officers of the bank shall act in accordance with the policies, criteria and guidelines determined by the Board
- ▶ The board shall appoint committees from amongst the executives of the bank, and determine the powers, functions and duties of such committees
- ▶ **The Pakistan Banking Council (hereinafter referred to as the Council) shall stand dissolved forthwith**
- ▶ The President, subject to the control and directions of the Board, shall exercise powers of management of the affairs of the bank

Question # 2 of 15

In letter of credit, which of the following is a standard document used for billing for the goods and services?

- ▶ **Commercial invoice**
- ▶ Bill of lading
- ▶ Warranty of title
- ▶ Letter of indemnity

Question # 3 of 15

All of the following are provisions regarding transfer of ownership of banks, under The Banks (Nationalization) Act, 1974, EXCEPT:

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- ▶ The ownership, management and control of all banks shall stand transferred to, and vest in, the Federal Government on the commencing day

▶ **The Federal Government may, if it deems necessary, appoint a Chairman of the Board in respect of a bank**

- ▶ The safety of all deposits in banks shall stand guaranteed by the Federal Government

- ▶ The provisions of this Act and the vesting of the shares of the banks in the Federal Government thereunder shall not in any way affect the status of the banks as bodies corporate

Question # 4 of 15

All of the following are the components of Part III (Suspension of Business and winding up of Banking Companies) of Banking Companies Ordinance, 1962, EXCEPT:

- ▶ Power to dispense with meetings of creditors, etc.
- ▶ Booked depositors' credits to be deemed proved
- ▶ Preferential payments to depositors

▶ **Special provisions to make calls on contributories**

Question # 5 of 15

Who among the following is entrusted responsibilities of executing WILL?

- ▶ Agent
- ▶ Lawyer
- ▶ **Executor**
- ▶ Heir

Question # 6 of 15

Which of the following is one in which the exporter has the right to request the paying, or negotiating bank to make either part, or all, of the credit value available to one or more third parties?

- ▶ Irrevocable confirmed letter of credit
- ▶ Revolving credit
- ▶ **Transferable letter of credit**
- ▶ Red clause credit

Question # 7 of 15

Which of the following determines how much risk the bank will take and in what form?

- ▶ Management's credit process
- ▶ **Management's credit philosophy**
- ▶ Management's credit risk
- ▶ Management's credit exposure

Question # 8 of 15

Which of the following is/are the function(s) of a microfinance institution under Section 6 of the Corporate and Industrial Restructuring Corporation Ordinance, 2000?

- ▶ To accept deposits
- ▶ To provide storage and safe custody facilities
- ▶ To borrow and raise money and open bank accounts
- ▶ **All of the given options**

Question # 9 of 15

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In letter of credit, which of the following is payable as soon as it is presented for payment?

- ▶ Demand draft
- ▶ Time draft
- ▶ **Sight draft**
- ▶ Order draft

Question # 10 of 15

All of the following are merits of Nationalization of banks, EXCEPT:

- ▶ Availability of funds to the government for meeting its social sector targets
- ▶ Equitable distribution of credit to the different sectors, industries and regions
- ▶ Centrally coordinated policy frame work
- ▶ **Excessive government control leading to the decisions on non professional considerations**

Question # 11 of 15

Which of the following is NOT defined by the Negotiable Instrument Act, 1881?

- ▶ Banker
- ▶ Delivery
- ▶ Material alteration
- ▶ **Notary public**

Question # 12 of 15

All of the following are stages in the risk management process, EXCEPT:

- ▶ Identification of inherent risks (risk acceptance)
- ▶ Developing solution to mitigate the identified risk
- ▶ **Share risk with another party such as insurance**
- ▶ Identifying opportunities (returns)

Question # 13 of 15

As per Banking Companies Ordinance, 1962, the total suspension time of the operation of all or any provision of Companies ordinance, 1962 should not exceed:

- ▶ Three months
- ▶ Six months
- ▶ Nine months
- ▶ **One year**

Question # 14 of 15

Among the following, who has defined banker as “A banker is a dealer in capital, or, more properly, a dealer in money. He is an intermediate party between the borrower and the lender. He borrows from one party and lends to another”?

- ▶ **J.W. Gilbert**
- ▶ Dr. Herbert L. Hart
- ▶ Sir John Paged
- ▶ Halsbury's Laws of England

Question # 15 of 15

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Which of the following has defined the banker as “Any person carrying on a bonafide banking business in the United Kingdom is a banker”?

- ▶ American Version
- ▶ United Kingdom’s Version
- ▶ **Finance Act, 1915**
- ▶ Negotiable Instruments Act, 1881

