BNK604
Solved MCQs

Under the provisions of which of the following law, banks are given a reasonable time after receipt of documents to honor the draft?

Company Ordinance 1984
Banking Company Ordinance 1962
Prudential Regulations
Uniform Customs and Practice for Documentary Credits
Lecture # 29
Under the provisions of the Uniform Customs and Practice for Documentary Credits, the bank is given a reasonable amount of time after receipt of the documents to honor the draft.

In Pakistan monopoly for the issuance of currency notes lies with:

National Bank
Central Bank
Habib Bank
President of Pakistan

The intent of a(an) _______________ is basically to track the performance of the stock market.

Index Fund
T-Bills
Municipal Bonds
None of the given options
Lecture # 24
The intent of an index fund is basically to track the performance of the stock market.

Which of the following banks make the socially-responsible investments?

Private banks
Postal banks
Ethical banks
Offshore banks
Lecture # 15
Ethical banks: banks that prioritize the transparency of all operations and make only what they consider to be socially-responsible investments.

Investment banks help companies and governments to raise money by issuing and selling securities in which of the following market?

Capital market
Money market
Forex market
Derivatives market
Lecture # 28
It helps companies and governments (or their agencies) raise money by issuing and selling securities in the capital markets (both equity and debt).

To transfer the funds in coded language which of the following mean is used by the banks?

Pay order
Telegraphic transfer
Online fund transfer
Demand daft
Lecture # 20
Telegraphic Transfer: "T.T instructions regarding PMT are sent to Drawee branch in a coded language and under confidential number known as TEST Number."

Which of the following bank is called as lender of last resort?

Saving bank
State bank
Foreign exchange bank
Investment bank
Lecture # 2

Pakistan exports are mainly consists of:

Finished products
Raw material
Semi finished products
Technology products
Lecture # 14
The basic problem for Pakistan is that its exports are mostly raw materials, which are subject to severe price fluctuations in international market prices.

Ownership of asset is transferred to the lessee in which form of the lease?

Financial lease
Operating lease
Net lease
Fractional lease
Ref: A finance lease or capital lease is a type of lease. It is a commercial arrangement where the lessee has the option to acquire ownership of the asset

(e.g. paying the last rental, or bargain option purchase price). Moreover ownership of the asset is transferred to the lessee at the end of the lease term.

The ---------------- is suitable for the retired people.

Current account
PLS account
Term deposit account
Foreign currency account

How many countries are the members of Asian development bank from all over world?

15
17
19
20
Lecture # 12
ADB now has 67 members - of which 48 are from within Asia and the Pacific and 19 outside.

Which of the following banking reform has been introduced with an aim to facilitate the depositors to decide in which bank to deposit their saving?

Credit rating
Debit rating
E-banking
Taxation
Lecture # 19
Credit Rating: To facilitate the depositors to make informed judgments about placing their savings with the banks, it has been made mandatory for all banks to get themselves evaluated by credit rating agencies.

All of the following are included in financial system EXCEPT:

Money
Central banks
Financial markets
Credit cards
Lecture # 11
GLOBAL FINANCIAL SYSTEM: The global financial system (GFS) is a financial system consisting of institutions and regulations that act on the international level, as opposed to those that act on a national or regional level. The main players are the global institutions, such as International Monetary Fund and Bank for International Settlements, national agencies and government departments,

e.g., central banks and finance ministries, and private institutions acting on the global scale, banks and hedge funds.

Which of the following is the market which facilitates the redistribution of various risks?

Insurance market
Forex market
Derivative market
Money market
Lecture # 1
Insurance markets, which facilitate the redistribution of various risks.

Which of the following statement depicts the advantage of financial lease?

It never appears as a liability on the balance sheet.
It eliminates the needs to make periodic payments.
It provides a way to indirectly depreciate land.
It has a shorter maturity than term loans.
Lecture # 33
A financing lease does appear on the balance sheet.

n the innovative capacity is an important factor in attracting foreign investment that can be achieved by:
Reducing poverty
Reducing debt burden
Reducing unemployment
Adopting new technology
Lecture # 14
The following factors have proven to be critical for attracting foreign investment:
1. World-class physical infrastructure
2. A secure law and order situation
3. Skilled and productive labor
4. Innovative capacities
5. Agglomeration of efficient suppliers, competitors
6. A well-developed institutional infrastructure.

Japan has decided to provide how much annual economic aid to Pakistan?
$ 250 million

$ 500 million
$ 750 million
$ 1000 million
Lecture # 13
Japan will provide $500 million annual economic aid to Pakistan.
www.vuzs.net
Which of the following is the type of mutual fund that invests its assets only in the most liquid of money instruments?
Income & Growth funds
Growth & Income funds
Money market funds
Income funds
Lecture # 23
A money market fund is a mutual fund that invests its assets only in the most liquid of money instruments.
www.vuzs.net
Which of the following is not a category of commercial banks in Pakistan?

Nationalized Commercial Banks
Private Commercial Banks
Foreign Banks
Central banks
For short term investment which of the following is NOT advisable?

Income fund
Equity fund
Specialized fund
Money market fund
Lecture # 27
Equity funds are not advisable for short term because of their long term nature.
Lender of the last resort is a function of:
Domestic market & monetary management department
Economic policy department
Research department
Finance department
Lecture # 8
Domestic Market & Monetary Management Department
Main Objectives
1. Monetary Operations.
2. Raising short term and long-term domestic debts for the Government.
3. Management of Government Debts
4. Providing funds to the financial institutions as lender of last resort.
www.vuzs.net
The central bank directly controls which one of the following portion of money?

International money
Outside money
Inside money
M3
Ref: The different types of money are typically classified as "M"s. The "M"s usually range from M0 (narrowest) to M3 (broadest) but which "M"s are actually used depends on the country's central bank.
www.vuzs.net
State Bank uses CAMEL as a supervisory framework to judge the financial health of financial institutions. This analysis involves _____ indicators.

Six
Five
Four
Three
Lecture # 17
CAMEL, which involves the analysis of six indicators which reflect the financial health of financial institutions.
These are:
1. Capital Adequacy,
2. Asset Quality,
3. Management Soundness,
4. Earnings and Profitability,
5. Liquidity and
6. Sensitivity to Market Risk.
We can inquire that the investment is registered from which of the following?

www.secp.gov.pk
www.sbp.org.pk
www.kse.com.pk
www.finance.gov.pk
Ref: Take these steps to check whether a recommended investment is registered with the Securities and Exchange Commission (SEC).

Which one of the following introduced banking regulations?

State bank
Government
Securities & exchange commission
International chamber of commerce
Ref: the Government introduced banking regulations that allowed the establishment of commercial banks.

Long term loans are provided for the period of:

3 years
5 years
7 years
10 years
Lecture # 37
Banks are providing three types of loans; short-term (upto 18 months), medium-term (1.5 years to 5 years) and long-term (5 – 7 years).
www.vuzs.net

Which is the most forceful activity for commercial banks?

Leasing
Providing insurance services
Commercial lending
Financial services
Lecture # 15
Commercial Lending: For centuries, the banking industry only dealt with businesses, not consumers. Commercial lending today is a very intense activity, with banks carefully analyzing the financial condition of their business clients to determine the level of risk in each loan transaction.

What could be the best tool in the hands of investors in order to avoid frauds?

Investor's willingness
Investing company's good will
Get borrowed money
Get information
Lecture # 25
Investment Fraud: Information is an investor's best tool when it comes to investing wisely and avoiding fraud. And the best way to gather information is to ask questions- about both the investment and the person or firm selling it.
www.vuzs.net

Which of the following party is responsible to take risk under the principal risk?

Bank itself
Bank's agents
Trader itself
Trader's agents
Lecture # 28

The primary function of an investment bank is buying and selling products both on behalf of the bank's clients and also for the bank itself. Banks undertake risk through proprietary trading, done by a special set of traders who do not interface with clients and through Principal Risk.

Certain fixed expenses which are built into their per share net asset value are known as:

Costs of doing business
Amount of investment
Marketing costs
Cost of brokers
Lecture # 25
All mutual funds, including no-load funds, have certain fixed expenses that are built into their per share net asset value. These expenses are the actual costs of doing business.

Which of the following is the party NOT involved in pay order?

Buyer
Drawee branch
Payee
Issuing bank
Lecture # 20
Parties Involved
1. Purchaser
2. Issuing / Paying Branch
3. Payee

Banks of issue" are the banks that issue _________ as legal tender.

Currency
Coins
Banknotes
Bills
Lecture # 2
A commercial bank accepts deposits from customers and in turn makes loans, even in excess of the deposits; a process known as fractional-reserve banking. Some banks (called Banks of issue) issue banknotes as legal tender.

Which of the following is a function of State Bank of Pakistan?

Fiscal policy
Accepting deposits

Advance loans to individuals
Monetary policy
Lecture # 2
A central bank, reserve bank or monetary authority, is an entity responsible for the monetary policy of its country.

To get an insurer's underwriting performance we combine which of the following ratios?

Loss ratio + expenses ratio
Earning ratio – expense ratio
Expense ratio + earning ratio
Loss ratio + earning ratio
Lecture # 35
An insurer's underwriting performance is measured in its combined ratio. The loss ratio
(incurred losses and loss-adjustment expenses divided by net earned premium) is added to the expense ratio (underwriting expenses divided by net premium written) to determine the company's combined ratio.
www.vuzs.net

Which of the following is also known as Security Market?

Insurance market
Commodity market
Capital market
Bond market
Ref: The bond market (also known as the debt, credit, or fixed income market) is a financial market where participants buy and sell debt securities, usually in the form of bonds.
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Which one of the following department conducts Monetary Policy survey?

Banking inspection department
Finance department
Legal services department
Economic policy department
Lecture # 9
Economic Policy Department is primarily engaged in eight fundamental activities. These include:
• Preparation of Monetary Policy Statement
• Preparation of Monetary Surveys
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How many microfinance banks are working in Pakistan?

3
5
7
9
Micro Finance Bank: For the purpose of poverty reduction program, such kind of banks is working in the different countries with the contribution of UNO or World Bank. In Pakistan 7 Micro Finance Banks are providing services under the SBP prudential regulation.

One restriction in case of saving account is the unlimited withdrawals up to the extent of deposit in the account. This restriction by the bank is known as:

Loan cover
Loan clues
Loan favorite
Loan covenants
Lecture # 20
A borrower may be subject to certain restrictions known as loan covenants under the terms of the loan.

The control of Prudential bank was handed over to which of the following group?

Albarka group
Alfalah group
Al-habib group
Saudi Pak group
Lecture # 18
Prudential Bank handed over to Saudi-Pak group.

FCPEs stands for:

Faculty Center for Professional Excellence
FLIP Chart Production Environment
Fund for Children and Public Education
Former Centrally Planned Economies
Lecture # 1
The economic transformation under way in the former centrally planned economies (FCPEs) was motivated in part by the recognition that central planning has failed to allocate financial and real resources efficiently.

Pension funds are the example of:

Lenders
Financial intermediaries
Financial markets
Borrowers
Lecture # 1
Financial Intermediaries:
Banks
Insurance Companies
Pension Funds
Mutual Funds

Which of the following is also known as Security Market?

Insurance market
Commodity market
Capital market
Bond market
Ref: The bond market (also known as debt, credit or fixed income market) is a financial market where participants buy and sell debt securities, usually in the form of bonds.

According to new prudential regulation by State Bank of Pakistan, ________ requires asset conversion cycle and cash flow generation instead of collateral for loan approval.

Large enterprises
Medium enterprises
Small enterprises
SMEs
Lecture # 18
Prudential regulations for SMEs do not require collateral but asset conversion cycle and cash flow generation as the basis for loan approval.

In which year Asian development bank started its operation in Pakistan?

1956
1968
1974
1982
Lecture # 12
ADB started its operations for Pakistan in 1968.

IMF stands for:

International myeloma foundation
International metalworkers' federation

International monetary fund
International music feed
Lecture # 9
IMF: International monetary fund.

ICP is controlled under which of the following sector?

Government
Public
Private
Semi government
Lecture # 23
Initially there was both public and private sector participation in the management of these funds, but with the nationalization in the seventies, the government role become more dominant and today these mutual funds are totally in the public sector.

Mutual funds are associated to a special group which is called:
Mutual funds are associated to
Investment
Banks
Pension funds
Insurance companies
Ref: A mutual fund is an investment company that operates by pooling money from multiple investors and investing the amount (or portfolio) in money market instruments, bonds, stocks, assets or a combination of these.

Which of the following causes an increase in the administrative costs involved in keeping track of customer accounts made?

Constant Transferring
Constant Switching
Constant Demanding
Constant Retaining
Lecture # 25
Constant switching of funds increases the administrative costs involved in keeping track of customer accounts made.

What is the paid up capital requirement of microfinance at district level?

Rs. 100 million
Rs. 250 million
Rs. 500 million
Rs. 700 million
Ref: The ten-year old capital requirements introduced in 2001 were in the range of Rs100 million for a district and the new requirements put the figure at Rs300 million.

When an investor transfer full or a part of investment to any other fund within its family, this practice is known as:

Transferring
Switching
Demanding
Retaining
Lecture # 25
Switching Fee: Most, if not all, open-end mutual funds permit you to transfer all or any part of your investment from one fund to another fund within its family. This kind of transfer is commonly called "switching".

Which one of the following is the financial capital of Pakistan?

Karachi
Islamabad
Lahore
Faisalabad
Lecture # 6
The headquarters are located in the financial capital of Pakistan, Karachi.

What is the paid up capital requirement of microfinance at provincial level?

Rs. 100 million
Rs. 250 million
Rs. 500 million
Rs. 700 million
Ref: In case of a region, the previous limit of Rs150 million has been revised to Rs400 million and in case of a province, it will be Rs500 million as against the Rs250-millioon earlier.

Which of the following factor can act as barrier to entry for new banks in banking industry?

High margins
High profitability
High tax rates
High returns

FCPEs stands for:

Faculty Center for Professional Excellence

FLIP Chart Production Environment
Fund for Children and Public Education
Former Centrally Planned Economies
Lecture # 1
The economic transformation under way in the former centrally planned economies
(FCPEs) was motivated in part by the recognition that central planning has failed to allocate financial and real resources efficiently.

The primary assets category of banks is:

Loans
Deposits
Reserves
Capital
Lecture # 16
Loans are a bank's primary asset category.
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Which of the following banking reform has increased the manufacture of household products like refrigerators, microwave ovens, TVs etc.?

Capitan strengthening
Improved asset quality
Consumer financing
Mortgage financing
Lecture # 18
Consumer Financing: The State Bank has removed restrictions imposed on nationalized commercial banks for consumer financing. The positive experience of auto financing gives a lot of hope that the middle class of this country will be able to access consumer durables through banks. This will at the same time boost the manufacturing of TVs, air-conditioners, VCRs, washing and drying machines, deep freezers etc. in the country.

When prudential regulations were introduced for the first time?

1974
1989
1992
2001
Lecture # 10
Prudential Regulations were put in place first in 1992.
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Capital account can also be called as:

Financial account
Cash account
Assets account
Reserve account
Lecture # 5
Capital account (or financial account)
www.vuzs.net

As a depositor, you want high return on your saving, you will go for the bank with rating_____.

B rating
C rating
B or C rating
AA rating

According to new prudential regulation by State Bank of Pakistan, ________ requires asset conversion cycle and cash flow generation instead of collateral for loan approval.

Large enterprises
Medium enterprises
Small enterprises
SMEs
Lecture # 18
Prudential regulations for SMEs do not require collateral but asset conversion cycle and
cash flow generation as the basis for loan approval.
www.vuzs.net

Short-term financial instrument used in the money market is known as

Document
Paper
Bond
Bill
Ref: Money market trades in short-term financial instruments commonly called "paper."

How many c are for the assessment of any project by Asian development bank?

2
4
6
8

Lecture # 12
There are two levels of evaluation—self evaluation and independent evaluation.

What is the recovery rate of khushali bank?

Above 89%
Above 90%
Above 95%
Above 97%
Lecture # 18

Profit for the bank is the difference between the interest it pays for the _______ and level of interest bank charges for ________.

Deposits, securities
Savings, deposits
Lending, deposits
Deposits, lending
Lecture # 15
A bank generates a profit from the differential between the level of interest it pays for deposits and other sources of funds, and the level of interest it charges in its lending activities.

After how much time of establishment World Bank has issued loan?

1 year
2 year
4 year
5 year

Lecture # 13
The World Bank unveiled a lending program of up to $6.5 billion for Pakistan under a new four-year, 2006-2009, aid strategy showing a significant increase in funding aimed largely at beefing up the country's infrastructure.

A banking transaction through ATM costs _______ as much a transaction conducted over the counter in a traditional branch.

One half
One third
One forth
One fifth

Lecture # 19
It has been estimated that a banking transaction through ATM costs one fourth as much a transaction conducted over the counter in a traditional branch.

Which is the most forceful activity for commercial banks?

Leasing
Providing insurance services
Commercial lending
Financial services
Lecture # 15
Commercial Lending: For centuries, the banking industry only dealt with businesses, not consumers. Commercial lending today is a very intense activity.

The method to calculate fund's risk relative to the overall market is a:

Net profit
Beta coefficient
Tax bracket
Alpha coefficient
Lecture # 24
Beta coefficient is a measure of the fund's risk relative to the overall market.

IRA can be described as:

International rating agency
International reading association
Individual retirement account
Internal revenue account
Lecture # 22

To cater the needs of small and medium enterprises which bank is established?

SME bank
Zarai Taraqiati Bank Ltd
Microfinance Bank
Industrial Development Bank
Lecture # 2
SME bank Ltd was established to exclusively cater to the needs of the SME sector.

Central Bank may be called by different names EXCEPT:

Reserve Bank
Monetary Authority
National Bank
Currency Bank

Lecture # 3
A central bank, reserve bank or monetary authority, is an entity responsible for the monetary policy of its country or of a group of member states.

Which of the following factors has affected the performance of public sector financial institutions?
Poor quality of human resources
Weak internal controls
High administrative costs
All of the given options

Lecture # 18
Poor quality of human resources, weak internal controls, non-merit based recruitments, high administrative costs and undue interference of unions in decisions making process affected the performance of public sector financial institutions adversely.

In which of the following month the State Bank was given full autonomy?

Dec 1974
Jan 1990
Feb 1994
Feb 1998
Lecture # 6
In February 1994, the State Bank was given full autonomy, during the financial sector reforms.

Which of the following bank is called as lender of last resort?

Saving bank
State bank
Foreign exchange bank
Investment bank
Lecture # 2

Temporary lending of money for collateral securities is the function of which market?

Over the counter market
Money market
Repo market

Bond market
Lecture # 4
The main open market operations are temporary lending of money for collateral securities ("Reverse Operations" or "repurchase operations", otherwise known as the "repo" market).

Pension funds are the example of:

Lenders
Financial intermediaries
Financial markets
Borrowers
Lecture # 1

Which one of the following depicts the purpose of policy division?

Supervision & monitoring policy implementation and getting feed back
Policies are according to the Islamic rules
Policies are being implemented in true spirit & for business purpose
Support the implementation of the Islamic policies
Lecture # 8

There is a direct relationship between foreign direct investment and_____________.

Inflation rate
Economic growth
Increasing population
Increasing burden
Lecture # 14
Pakistan must increase Foreign Direct Investment, if it intends to enhance the growth of its economy. The experience of the developing countries is that FDI is directly related to economic growth.

Which of the following factor leads towards the economic prosperity of a country?

Industrial growth
Stable law and order situation
Strong financial institutions
All of the given options

How many levels of evaluation are for the assessment of any project by Asian development bank?

2
4
6
8
Lecture # 12
There are two levels of evaluation—self evaluation and independent evaluation.

Directors of the NCBs are drawn from which of the following sector?

Private sector
Public sector
Government
Foreign country
Lecture # 18
The NCBs have been restructured and professional management inducted which works under the supervision of independent Boards of Directors drawn from the private sector.

IMF stands for:

International myeloma foundation
International metalworkers' federation
International monetary fund
International music feed

To transfer the funds in coded language which of the following mean is used by the banks?

Pay order
Telegraphic transfer
Online fund transfer
Demand draft
Lecture # 20
"T.T instructions regarding PMT are sent to Drawee branch in a coded language and under confidential number known as TEST Number."

In Pakistan monopoly for the issuance of currency notes lies with:

National Bank
Central Bank

Habib Bank
President of Pakistan
Lecture # 3

Which of the following sector's association is crucial for the promotion of microfinance sector?

Commercial bank
Investment bank
Saving bank
State bank
Lecture # 12
Micro-finance Sector Development Programme (MFSDP-US$ 150 million) approved in December 2000 focuses on the development of sustainable rural microfinance services through commercial banking & credit unions.

What is the amount which will be provided by the Asian development bank for development assistance?

$ 4billion
$ 5billion
$ 6billion
$ 8billion
Lecture # 13
The Asian Development Bank will provide close to $ 6 billion development assistance to Pakistan during 2006-9.

About what percent of the people are related to the agriculture sector for employment?

40%
44%
50%
55%
Lecture # 7
Established under Section 8(3) of SBP Act 1956, is mainly responsible to meet credit needs of agriculture that being the mainstay of Pakistan's economy generates nearly one fourth of the total output and 44% of total employment and is the major source of foreign exchange earnings.

Which of the following reform by State Bank of Pakistan has resulted in mergers and consolidation of many financial institutions?

Micro financing
Capital strengthening

SME financing
Consumer financing

Lecture # 18
Capital Strengthening: This has resulted in mergers and consolidation of many financial institutions and weeding out of several weaker banks from the financial system.

All are the benefits attached with of foreign currency account for a customer EXCEPT:

Deposits facility
Limited cash withdrawals
Profit accrued on a daily basis
Automatic rollover of deposits
Lecture # 20
Foreign Currency: This entitles you to avail all the convenience of local currency accounts including:
1. Unlimited cash withdrawals up to the balance in your account
2. Deposits facility
3. Profit accrued on a daily basis
4. Automatic rollover of deposits

Which of the following have direct relation with the increase in foreign remittances?

Foreign direct investment
Foreign debts
Foreign exchange reserves
New relations
Lecture # 14
Foreign remittances will help in building up the foreign exchange reserves, thereby reducing the demand on the public debt.

Direct lease, sales back lease and leveraged lease are all the examples of which of the following lease?

Operating leases
Financial leases
Full-service leases
Off-balance sheet methods of financing

What percent of mutual fund is in the form of bond funds?

18

20
25
30
Lecture # 22
Bond funds account for 18% of mutual fund assets.

The market where primary products are exchanged is known as:

Stock market
Equity market
Commodity market
Primary market
Ref: Commodity markets are markets where raw or primary products are exchanged.

Which of the following is also known as Security Market?

Insurance market
Commodity market
Capital market
Bond market
Ref: The bond market (also known as the debt, credit, or fixed income market) is a financial market where participants buy and sell debt securities, usually in the form of bonds.

Which of the following is a company that issues securities and is primarily engaged in the business of investing in securities?

Leasing Company
Insurance Company
Investment Company
Banking Company
Lecture # 2
Generally, an "investment company" is a company (corporation, business trust, partnership, or Limited Liability Company) that issues securities and is primarily engaged in the business of investing in securities.

Inwhich of the following month the State Bank was given full autonomy?

Dec 1974
Jan 1990
Feb 1994

Feb 1998
Lecture # 6
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$ 5 billion
$ 6 billion
$ 8 billion
Lecture # 13
The Asian Development Bank will provide close to $ 6 billion development assistance to
Pakistan during 2006-9.

When the autonomous power of the State bank was further strengthened by introducing three amendments?

Aug 21, 1978
Dec 21, 1989
Jan 21 1997
Oct 21, 2000
Lecture # 6
On January 21, 1997, this autonomy was further strengthened when the government issued three Amendment Ordinances (which were approved by the Parliament in May 1997).

Which of the following is newly established division in the investment banks?

Select correct option:

Structuring (not sure)

Buying selling
Research
Risk management
2

For first time in history of Pakistan, the decision of cancellation of license of a commercial bank in violation of the prudential regulations and norms was made by __________.

Select correct option:

Sindh court
Quetta court
Lahore court
Peshawar court (right answer)
3

To ensure the capital adequacy, banks have to maintain ______ percent capital to risk weighted assets (CRWA) ratio.

Select correct option:

8% (right answer) page no 53
9%
10%
5%
4

State Bank uses CAMEL as a supervisory framework to judge the financial health of financial institutions. This analysis involves _____ indicators.

Select correct option:

7
9
6 (right answer) Page no 53
5
5

Which of the following reform by State Bank of Pakistan has resulted in mergers and consolidation of many financial institutions?

Select correct option:

Capital strengthen (right answer) page 59
Corporate financing
Consumer financing
6

The alternate name used for Saving account is:

Select correct option:

Current account
Profit and loss account (right answer) page no 66
Forfex account
Demand account

7

Which of the following is a depository financial institution?

Select correct option:

Life insurance companies

8

Non-government financial institutions are registered with which of the following?

Select correct option:

Company registrar
Corporate law
Partnership law (DOUBTED)

9

Foundation of the banks is shaken due to which one of the following?

Select correct option:
Loan quality (right answer)

10
How many icp funds are floated in the Pakistan market till now?
32
28
29
26 (right answer) page 78

Banking loans are the most obvious source of ________ risk.
Credit risk

The difference between gambling & insurance can be described as:

Which of the following best describes the transaction risk?
Exchange rates will change un-favorably over time

Which of the following statement depicts the advantage of financial lease?

Select correct option:

In Islam which form of the lending is permitted?

Select correct option:

Asset based

Which of the following tool is used by the central bank to stabilize the market?
Foreign exchange reserves

All are the conditions, farmer has to fulfil for getting agricultural loan except:
Must be defaulter

Which of the following is the motive behind money laundering?
Select correct option:
Avoiding suspicion and avoiding detection

A spot transaction is for the period of:
2 days

Which of the following refers to the initial point of entry for funds derived through criminal actions?
Select correct option:

Placement

Which of the followings are the factors of economic policy?
Select correct option:

Monetary and fiscal policy

Exchange traded forex future contracts were used in which market?
1972 at the Chicago Mercantile

Select correct option:
The time period for future contracts is:
3 months

According to Milton Friedman what would be the best strategy for the central banks to stabilize the market?
Select correct option:
Buy when exchange rate is low sell when rate is too high

Loans provided for working capital of agricultural purposes will come under
Short term

Which of the following is a depository financial institution?
Insurance companies

Banks are required to use ________ for setting price of agricultural loan.
Select correct option:
KIBOR

In the agriculture loans, one of the limits of revolving credit is that borrower has:
Select correct option:
Once in a year

Loan origination functions come at which of the following level?
Select correct option:
Micro

Non- life insurance covers a period of:
I year

Maintenance fee id deducted from?
Principal
Dividend
Shares

ICP stands for?
Investment corporation of Pakistan

FBS stands for?

EFT stands for?

Which of the following is a rule governing bodies of mutual funds in Pakistan?

IC and IAR 1971
Assets management companies rules1995
Both
NONE

Which funds suits for retirees?

Income and growth funds

Which of the following used to attain long term growth of principal?

Growth and income funds

Which of the following is not a risk in mutual funds?
Credit risk

Customary fee charged by most mutual fund companies?
Audit fees
Custodian fees
Both
NONE

Which of the following is a not in process of selecting the best mutual fund?
Draw down your investment
Collect as much as information
Get a clear picture of fees and associated cost
Get audited reports of the company page 93

A document evidencing the receipt of goods for shipment and issued by a freight carrier is known as?
Bill of lading

Swap is a most common type of?
Forward transaction page117

Which of the following statement define certificate of acceptance?
A document whereby the lessee acknowledges that the equipment to be leased has been delivered, is acceptable, and has been manufactured or constructed according to Specifications.

A document whereby the lessee acknowledges that the equipment to be leased has been delivered, is acceptable, and has been manufactured or constructed according to Specifications indicates?

Certificate of acceptance page 119

Operational definition of insurance is?
the benefit provided by a particular kind of indemnity contract

Which of the following factor is used to determine the amount called premium?

Insurance rate

Boiler insurance is also known as?
boiler and machinery insurance or equipment breakdown insurance)

which of the following is a risk of physical loss or damage to Property during construction.

Builder's risk insurance

Which of the following is a any kind of insurance that protects businesses against Risks?

Business insurance

Which of the following insures the policyholder against losses arising from the criminal Acts of third parties?

Crime insurance

Which of the following is process of purchasing the securities which lead to formation of new notes?

Securities purchasing

Like other contracts when the leased contract is delivered and accepted it becomes?
Void

Which of the following refers to initial entry for funds derived from criminal activities?

Placement

Which of the following is not involve in process of money laundering?
Placement
Extraction
Layering
Integration

Which of the following statement reflects term HIDE?
to reflect the fact that cash is often introduced to the economy via commercial concerns

Which of the following statement reflects the term MOVE?
clearly explains that the money launderer uses transfers, sales and purchase Of assets, and changes the shape and size of the lump of money.

Which is a form of risk that arises from the change in price of one currency against Another?
Currency risk

In which fraud is usually done by one or more dishonest bank employees. They remove Few DD leaves or DD books from stock and write them like a regular DD?

Demand draft fraud

Salman brothers was?
Investment bank

Which is not included institutions that are concerned with the Distribution of the resources among the provinces?
NFC
The Council of Common Interest
National Economic Council
Common trust council

Subjective questions
Define the terms (5)
Broker
Acceptance certificate
Economic life
Effective lease rate

Bargain purchase option
Q Do u agree with the statement buy the rumour sell the fact? (3)
Q Write down objectives of sme in few words (3)
Q Explain interest rate risk (3).
Q Who can play critical role in establishment & implement of SME's policies?
Q Discuss financial scandals of blank Wednesday in your own words?
Q Define leasing and its types?
Q Discuss baring bank collapsed?
Q Why SME are important for country?
Q Certain bill or draft of LC pay on demand and some are pay after specific time passes. Are you agree with this statement?
Q How bargain bank collapsed? (5)
Q Briefly explain two motives of money laundering(5)
Q In which areas state bank of Pakistan should pay special attention(5)

Write down the pension issues in collapse of ENRON 3 M

Why advisory fee is charged? 3M

What areas are cover in the sector of agricultural credit Sector loan? 3M

What is money laundering? 3M

Differentiate b/w the gambling and insurance. 5M

What steps are taken to stop the money laundering? 5M

Mutual funds uses which activities to attract the new customers? 5M

What factor are involved in the foreign exchange market. 5M
47 MCQs 4 Q of 3 M and 4 Q of 5 M

Mostly MCQs are from mutual fund topic and were easy J

Why advisory fee is charged?

Differentiate b/w the gambling and insurance. 5M

Why Small & Medium Enterprises are important for a country? (5)

Unique features of Foreign Exchange Market

Basic Purpose of Agricultural Loan.

Discuss securities Analyst issues in the collapse of ENRON

Discuss the Accounting issues in the collapse of ENRON

My paper

1. What is fact sheet and how it is useful in investment decision?
2. Governance issues in ENRON collapse?
3. Wire fraud?
4. Most of the time it is assumed that mutual funds are free of risk? Is it true? Support your answer with solid reasons?
5. How baring fraud identified?

6. What areas are covered in agricultural credit sector?
7. What is revolving credit scheme?

NOTE

Solve all the mcqz by your own effort thanks☺