

**MCQs**

**Course Name: Financial Markets and Banking Operations**

**Course Code: 205 fin**

<b>Sr. No.</b>	<b>Question</b>	<b>Answers</b>
1	Financial intermediation is the process that the financial intermediaries connect _____ and _____ by transferring funds from one side to another. A. Banks and account holders B. Borrowers and lenders C. Borrowers and securities firms D. Investors and lender	ANSWER: B
2	Which of the following does financial services industry consist of? A. Telecommunication B. Insurance C. Fund Management D Trusts	ANSWER: A
3	Which one of the following is not a money market security? A. Treasury bills B. National savings certificate C. Certificate of deposit. D. Commercial papers.	ANSWER: B
4	Which one of the following is not a money market security? A. Treasury bills B. National savings certificate C. Certificate of deposit. D. Commercial papers.	ANSWER: B
5	Using futures contracts to transfer price risk is called: A. Hedging B. Speculating. C. Diversifying. D. Arbitrage	ANSWER: A
6	The stock is A. Small units of equal value called shares B. Expressed in terms of money. C. Expressed in terms of number of shares. D. Fully paid p and partly paid up shares	ANSWER: B
7	Equity shareholders rights are listed below: One of the rights is incorrect A. Right to have first claim in the case of winding up of the company. B. Right to vote at the general body meeting of the company C. Right to share profits in the form of the dividends. D. Right to receive a copy of the statutory report.	ANSWER: A
8	In a limited company	ANSWER:

	<p>A. The shareholders have to divide the debt of the company and pay.          B. The shareholders are not liable to pay the debt          C. The shareholders have to pay the debt to the extent of their shares in the capital.          D. Common stock and preference shareholders have to pay the debt</p>	C
9	<p>Zero coupon bond shares its origin in          A. U.S security market.          B. Wall street.          C. Japan's security market          D. Dalal street.</p>	ANSWER: A
10	<p>Capital Index bonds are linked with          A. BSE Sensex          B. NSE Nifty          C. Consumer price index          D. BSE-100</p>	ANSWER: C
11	<p>The aggressive investor buys more of -----          A. Money Market Instruments          B. Gold          C. Equity shares          D. Options and Futures</p>	ANSWER: C
12	<p>Financial intermediaries differ from other businesses in that both their assets and their liabilities are mostly          A. Illiquid          B. Owned by government          C. Real          D. Financial</p>	ANSWER: D
13	<p>Sweat Equity is -----          A. A New class of equity shares          B. Issued to the employees and directors          C. Issued to the investor also          D. Issued out of the class of equity shares already issued by the company.</p>	ANSWER: D
14	<p>Financial assets          A. Contribute to the country's productive capacity both directly and indirectly          B. Do not contribute to the country's productive capacity both directly and indirectly          C. Directly contribute to the country's productive capacity.          D. Indirectly contribute to the country's productive capacity.</p>	ANSWER: D
15	<p>Mutual fund can make investment          A. In any company listed or unlisted          B. In privately placed securities of associated company.          C. Up to 40% of the listed or unlisted securities of group companies.          D. Should not exceed 10% of the funds in securities of a single company.</p>	ANSWER: D
16	<p>14. Registrar to the issue          A. Helps in the appointment of lead managers          B. Drafts the prospectus.</p>	ANSWER: C

	C. Recommends the basis of allotment D. Directs the various agencies involved in the issue.	
17	Primary and secondary markets A. Compete with each other. B. Complement each other. C. Function independently D. Control each other.	ANSWER: B
18	Stock exchange A. Helps in the fixation stock price B. Ensure safe and fair dealings. C. Induces good performance by the company. D. All the above.	ANSWER: D
19	The broker has bought 10,000 ABC shares at Rs.200 and sold 8,000 shares at Rs.190 on the same day the margin he has to pay is A. Gross exposure margin B. Special margin C. Mark to market margin D. Concentration ratio margin	ANSWER: C
20	Which one of the following statements regarding orders is false? A. A market order is simply an order to buy or sell a stock immediately at the prevailing market price B. A limit sell order is where investors specify prices at which they are willing to sell a security. C. If stock ABC is selling at \$50, a limit-buy order may instruct the broker to buy the stock if and when the share price falls below \$45. D. None of the above.	ANSWER: D
21	The use of the Internet to trade and underwrite securities A. Is illegal under SEC regulations B. Is regulated by the New York Stock Exchange. C. Decreases underwriting costs for a new security issue. D. Increases underwriting costs for a new security issue.	ANSWER: C
22	Sell Reliance X Company shares at Rs. 60/- . This order is a A. Best rate order B. Limit Order C. Discretionary order D. Stop Loss order	ANSWER: B
23	The Bombay Stock Exchange Ltd was originally known as A. The Native share and Stock Brokers Association B. The Native share and stock brokers union C. The Native Stock Brokers Association D. The Native share and stock brokers association of India	ANSWER: A
24	Shares for short transactions A. Are usually borrowed from other brokers B. Are typically shares held by the short seller's broker in street name? C. Are borrowed from commercial banks. D. B and C.	ANSWER: B

25	FII's are permitted A. To invest in the listed companies only B. To invest in the listed and unlisted companies only C. Not to invest in the debentures D. To invest in shares of listed, unlisted companies and debentures.	ANSWER: D
26	One of the following factors leads the activity stock market A. Money supply B. Per capita income C. Unemployment rate D. Manufacturing and trade	ANSWER: A
27	The share prices A. Move either in declining trend or increasing trend. B. May remain flat for a period of time. C. The movements of the share prices form a straight line. D. The increasing or decreasing move may be Zigzag.	ANSWER: D
28	Investors invest more in stocks during their: A. Early career period. B. Mid-career level. C. Retirement stage with huge money. D. All the above-mentioned period	ANSWER: A
29	The duration of a bond is a function of the bond's A. coupon rate. B. time to maturity C. yield to maturity. D. all of the above	ANSWER: D
30	A firm has a higher asset turnover ratio than the industry average, which implies A. the firm is utilizing assets more efficiently than other firms in the industry. B. the firm is more likely to avoid insolvency in the short run than other firms in the industry. C. the firm is more profitable than other firms in the industry. D. the firm has a higher P/E ratio than other firms in the industry.	ANSWER: A
31	Hedge funds are _____ transparent than mutual funds because of _____ strict SEC regulation on hedge funds. A. more; more B. more; less C. less; less D. less; more	ANSWER: C
32	Gross domestic product is a logical factor to analyse the economy in picking up a stock because it indicates A. Inflation or deflation B. The market value of assets C. The status of the economy D. The condition of the stock market	ANSWER: C
33	A statistic that measures how the returns of two risky assets move together is	ANSWER:

	<p>A. Correlation B. Standard deviation. C. Covariance. D. A and C.</p>	D
34	<p>Portfolio theory as described by Markowitz is most concerned with A. The elimination of systematic risk. B. The identification of unsystematic risk. C. The effect of diversification on portfolio risk. D. Active portfolio management to enhance returns</p>	ANSWER: C
35	<p>Which statement about portfolio diversification is correct? A. Proper diversification can reduce or eliminate systematic risk B. The risk-reducing benefits of diversification do not occur meaningfully until at least 50-60 individual securities have been purchased. C. Because diversification reduces a portfolio's total risk, it necessarily reduces the portfolio's expected return D. Typically, as more securities are added to a portfolio, total risk would be expected to decrease at a decreasing rate</p>	ANSWER: D
36	<p>The standard deviation of a two-asset portfolio is a linear function of the assets' weights when A. The assets have a correlation coefficient less than zero B. The assets have a correlation coefficient equal to zero. C. The assets have a correlation coefficient greater than zero D. The assets have a correlation coefficient equal to one.</p>	ANSWER: B
37	<p>The presence of risk means that A. More than one outcome is possible. B. Investors will lose money. C. The standard deviation of the payoff is larger than its expected value. D. Final wealth will be greater than initial wealth.</p>	ANSWER: A
38	<p>The exact indifference curves of different investors A. Can be calculated precisely with the use of advanced calculus B. Cannot be known with perfect certainty. C. Although not known with perfect certainty, do allow the advisor to create more suitable portfolios for the client D. B and C.</p>	ANSWER: D
39	<p>Given the capital allocation line, an investor's optimal portfolio is the portfolio that A. Maximizes her expected utility B. Maximizes her risk. C. Minimizes both her risk and return. D. Maximizes her expected profit.</p>	ANSWER: A
40	<p>Olivia is a risk-averse investor. Alex is a less risk-averse investor than Olivia. Therefore, A. For the same risk, Alex requires a higher rate of return than Olivia. B. For the same return, Alex tolerates higher risk than Olivia. C. For the same risk, Olivia requires a lower rate of return than Alex. D. the same return, Olivia tolerates higher risk than Alex</p>	ANSWER: B

41	<p>Deferral of capital gains tax</p> <p>I. means that the investor doesn't need to pay taxes until the investment is sold.</p> <p>II. allows the investment to grow at a faster rate.</p> <p>III. means that you might escape the capital gains tax if you live long enough.</p> <p>IV. provides a tax shelter for investors.</p> <p>A. II and III</p> <p>B. I, II, IV</p> <p>C. I, III, and V</p> <p>D. II, III, and IV</p>	ANSWER: B
42	<p>A risk-free intermediate or long-term investment</p> <p>A. is free of all types of risk.</p> <p>B. Does guarantee the future purchasing power of its cash flows.</p> <p>C. Does not guarantee the future purchasing power of its cash flows as it is insured by the U.S. Treasury.</p> <p>D. A and B.</p>	ANSWER: C
43	<p>In words, the real rate of interest is approximately equal to</p> <p>A. The nominal rate times the inflation rate.</p> <p>B. The inflation rate minus the nominal rate</p> <p>C. The nominal rate minus the inflation rate</p> <p>D. The inflation rate divided by the nominal rate.</p>	ANSWER: C
45	<p>Suppose that the pre-tax holding period returns on two stocks are the same. Stock X has a high dividend pay-out policy and stock Y has a low dividend pay-out policy. If you are an individual in a high marginal tax bracket and do not intend to sell the stocks during the holding period</p> <p>A. stock X will have a higher after-tax holding period return than stock Y.</p> <p>B. the after-tax holding period returns on stocks X</p> <p>C. it is impossible to determine which stock will have a higher after-tax holding period return given the information available</p> <p>D. stock Y will have a higher after-tax holding period return than stock X.</p>	ANSWER: D
46	<p>The first step a pension fund should take before beginning to invest is to</p> <p>A. establish investment objectives.</p> <p>B. develop a list of investment managers with superior records to interview.</p> <p>C. establish asset allocation guidelines.</p> <p>D. decide between active and passive management.</p>	ANSWER: A
47	<p>Investors seeking to diversify are likely to find that their largest investment is in</p> <p>A. stocks.</p> <p>B. bonds.</p> <p>C. foreign securities</p> <p>D. their job</p>	ANSWER: D
48	<p>Workers who change jobs may wind up with lower pension benefits at retirement than otherwise identical workers who stay with the same employer, even if the employers have defined benefit plans with the same final-pay benefit formula. This is referred to as</p>	ANSWER: C

	<p>A. an accumulated benefit obligation. B. an unfunded liability. C. the portability problem D. indexation.</p>	
49	<p>A remainder man is A. A stock broker who remained working on Wall Street after the 1987 crash. B. One who receives the principal of a trust when it is dissolved. C. One who receives interest and dividend income from a trust during their lifetime. D. an employee of a trustee.</p>	ANSWER: B
50	<p>A hedge fund pursuing a _____ strategy is attempting to exploit temporary misalignments in relative pricing A. directional B. non-directional C. stock or bond D. arbitrage or speculation</p>	ANSWER: B
51	<p>A hedge fund attempting to profit from a change in the spread between mortgages and Treasuries is using a _____ strategy A. market neutral B. directional C. relative value D. divergence</p>	ANSWER: C
52	<p>_____ refer to strategies aimed at attaining the established rate of return requirements while meeting expressed risk tolerance and applicable constraints A. Investment constraints B. Investment objectives C. Investment policies D. All of the above</p>	ANSWER: C
53	<p>An important benefit of Keogh plans is that A. they are not taxable until funds are withdrawn as benefits B. they are protected against inflation. C. they are automatically insured by the Federal government D. A and B</p>	ANSWER: A
54	<p>One incorrect belief that is often cited as a reason for fully-funded pension funds to invest in equities is A. stocks provide a hedge against inflation. B. bonds have lower returns. C. stocks have higher risk. D. stocks have higher returns</p>	ANSWER: A
55	<p>A measure of asset utilization is A. sales divided by working capital. B. return on equity capital. C. return on total assets.</p>	ANSWER: C

	D. operating profit divided by sales.	
56	Violation of a trend line means A. Moving away from the trend line. B. Changing the direction C. Presentation of the trend line D. Cutting the rising trend line from above.	ANSWER: C
57	In the bull market A. The stock prices are increasing B. Each peak is higher than the previous peak. C. Each bottom is higher than the previous bottom. D. B and C	ANSWER: D
58	Overbought region indicates. A. More shares are sold. B. The supply is more. C. Potential fall in the price level. D. Potential rise in the share price.	ANSWER: C
59	A growth industry is defined as A. An industry with 15% rate of growth per annum B. An industry where demand for its product is growing C. An industry with high capital investment D. An industry with average growth higher than the growth of economy	ANSWER: D
60	Mr. A is a daring portfolio manager. He wants to increase the return of his portfolio. He should choose stocks from A. Defensive industry B. Industry at growth stage C. Industry in the maturity period D. Industry with more export potential	ANSWER: B
61	The rise of dividend taxes affects A. Investor B. The corporate C. The stock market D. The financial institution	ANSWER: D
62	Which of the following items might result in dilution of a corporate s earnings per share at present? A. Convertible bonds B. Warrants C. Stock options given as incentive to top executives D. All of the above	ANSWER: C
63	In the stock market psychology A. Investors forget the past B. History repeats itself C. More faith in future prediction D. A and b	ANSWER: B
64	The growth in book value per share shows the A. Rise in the share prices B. Increase in the physical assets of the firm.	ANSWER: D



	C. Increase in the net worth. D. Growth in reserves	
65	A common stock pay-out ratio A. Is directly related to the company's growth rate. B. Can be zero for a growth firm. C. Measures the earnings of shares as a percentage of its market price. D. Indicates the future cash dividends to be expected.	ANSWER: B
66	The price earnings ratio of a stock reflects A. The growth of the company B. The market mood for the company's stock C. The earnings retained and invested in the company D. The dividend paid out for the company's stock	ANSWER: B
67	The market value of the scrip is determined by A. The dividend declared by the company. B. The present status of the stock market. C. The number of floating shares D. The interaction of demand and supply.	ANSWER: D
68	The "modified duration" used by practitioners is equal to the Macaulay duration A. times the change in interest rate. B. times (one plus the bond's yield to maturity). C. divided by (one plus the bond's yield to maturity). D. divided by (one minus the bond's yield to maturity).	ANSWER: C
69	The interest-rate risk of a bond is A. the risk related to the possibility of bankruptcy of the bond's issuer B. the risk that arises from the uncertainty of the bond's return caused by changes in interest rates. C. the unsystematic risk caused by factors unique in the bond D. A and B above	ANSWER: B
70	_____ is the amount of money per common share that could be realized by breaking up the firm, selling the assets, repaying the debt, and distributing the remainder to shareholders. A. Book value per share B. Liquidation value per share C. Market value per share D. Tobin's Q	ANSWER: B
71	Indexing of bond portfolios is difficult because A. the number of bonds included in the major indexes is so large that it would be difficult to purchase them in the proper proportions B. many bonds are thinly traded so it is difficult to purchase them at a fair market price. C. the composition of bond indexes is constantly changing D. all of the above	ANSWER: D
72	Contingent immunization A. is a mixed-active passive bond portfolio management strategy	ANSWER: D

	<p>B. is a strategy whereby the portfolio may or may not be immunized</p> <p>C. is a strategy whereby if and when some trigger point value of the portfolio is reached, the portfolio is immunized to insure an minimum required return</p> <p>D. A , B and C.</p>	
73	<p>A highly liquid security is a</p> <p>A. Mutual fund unit</p> <p>B. Treasury bill</p> <p>C. Share</p> <p>D. Commercial paper</p>	ANSWER: <b>B</b>
74	<p>Which of the following two bonds is more price sensitive to changes in interest rates? A par value bond, X, with 10 years-to-maturity and a 10% coupon rate or a zero-coupon bond, Y, with 10 years-to maturity and a 10% yield-to-maturity.</p> <p>A. Bond Y because of the longer duration.</p> <p>B. Bond X because of the longer time to maturity</p> <p>C. Bond X because of the higher yield to maturity</p> <p>D. Both have the same sensitivity because both have the same yield to maturity.</p>	ANSWER: A
75	<p>You wish to earn a return of 10% on each of two stocks, C and D. Each of the stocks is expected to pay a dividend of \$2 in the upcoming year. The expected growth rate of dividends is 9% for stock C and 10% for stock D. The intrinsic value of stock C _____.</p> <p>A. will be greater than the intrinsic value of stock D</p> <p>B. will be the same as the intrinsic value of stock D</p> <p>C. will be less than the intrinsic value of stock D</p> <p>D. cannot be calculated without knowing the rate of return on the market portfolio</p>	ANSWER: C
76	<p>The goal of fundamental analysts is to find securities</p> <p>A. with high market capitalization rates.</p> <p>B. with a positive present value of growth opportunities</p> <p>C. whose intrinsic value exceeds market price.</p> <p>D. all of the above</p>	ANSWER: A
77	<p>Many stock analysts assume that a mispriced stock will</p> <p>A. immediately returns to its intrinsic value.</p> <p>B. gradually approach its intrinsic value over several years.</p> <p>C. never returns to its intrinsic value.</p> <p>D. return to its intrinsic value within a few days.</p>	ANSWER: <b>B</b>
78	<p>An investor is having their portfolio with the combination of stock and bonds in the ratio of 75:25 . He is</p> <p>A. Risk averse</p> <p>B. Risk neutral</p> <p>C. A risk taker</p> <p>D. Active in portfolio management.</p>	ANSWER: C
79	<p>In the active approach the investor continuously studies</p> <p>A. Group related risk</p> <p>B. Market related risk</p>	ANSWER: D

	C. Security specific risk D. All above	
80	Diversification reduces A. Interest rate risk B. Market risk C. Unique risk D. Inflation risk	ANSWER: C
81	Simple diversification means A. Purchase of more than 15 stocks B. Purchase of treasury bills C. Purchase of less than 15 stocks at random. D. Purchase of large varieties of assets.	ANSWER: C
82	Hedge funds may invest or engage in A. distressed firms B. convertible bonds C. currency speculation D. All of the above	ANSWER: D
83	A statistic that measures how the returns of two risky assets move together is A. Correlation B. Standard deviation. C. Covariance. D. A and C.	ANSWER: D
84	If a portfolio manager consistently obtains a high Sharpe measure, the manager's forecasting ability A. is average. B. is above average. C. is below average D. does not exist.	ANSWER: B
85	According to stock market psychology A. Investor forget the past B. history repeats itself C. More faith is placed in predictions of the future D. A & B	ANSWER: B
86	A support level exists at a A. A price fixed by the stock exchange brokers B. Price fixed by the regulatory authority of the stock exchanges C. A price where considerable demand is created D. Low price where stock would be available	ANSWER: C
87	the efficient frontier becomes a straight line through out because of the A. Introduction of risk-free assets. B. introduction of lending C. introduction of lending and borrowing. D. Introduction of borrowing	ANSWER: C
88	On the capital market line lies A. All the efficient and inefficient portfolio B. Only the efficient portfolio	ANSWER: B

	C. All the efficient portfolio and securities D. All portfolio and securities.	
89	The security market line describes the expected return for A. The efficient portfolio B. the inefficient portfolio. C. All portfolio and assets D. The efficient and inefficient portfolio	ANSWER: C
90	The bond portfolio manager has to watch carefully A. The shape of the yield curve. B. The market interest rate. C. The shape of the yield curve and shifts that occur in the market interest rate. D. The repaying capacity of the issuers	ANSWER: C
91	Duration is the measure of A. Time structure of the bond B. Interest rate risk C. Time structure and market risk D. Time structure and the interest rate risk.	ANSWER: D
92	The NSE nifty index fund consists of A. The stock of the high market capitalisation in NSE B. Blue chip companies' stock of the index. C. All the stocks of the Nifty index D. Consists 90% of the stock index living stocks of lesser importance.	ANSWER: C
93	The market timer is a A. Professional portfolio manager B. Active portfolio manager C. Passive portfolio manager D. None	ANSWER: B
94	Oscillators show the share price movement A. Over a reference period B. Below a reference point C. Through a reference point D. B & C	ANSWER: C
95	The individual investor's optimal portfolio is designated by A. The point of tangency with the opportunity set and the capital allocation line. B. The point of highest reward to variability ratio in the opportunity set. C. The point of tangency with the indifference curve and the capital allocation line D. The point of the highest reward to variability ratio in the indifference curve.	ANSWER: C
96	Marketability risk of bond is A. The market risk which affects all the bonds. B. Variation in return caused by difficulty in selling bonds. C. The failure to pay the agreed value of the bond by the issuer D. a and b	ANSWER: B

97	Default risk is lower in A. treasury bill B. Government bonds C. ICICI Bonds D. IDBI bonds.	ANSWER: A
98	The value of the bond depends on A. The coupon rate B. Years to maturity. C. Expected yield to maturity. D. All the above.	ANSWER: D
99	The bond yield remains constant over its life and the discount or premium amount will decrease A. At a decreasing rate as its life gets shorter. B. At a decreasing rate as its life gets longer. C. At an increasing rate as its life gets shorter D. At an increasing rate as its life gets longer	ANSWER: C
100	Yield to maturity is the single factor that makes A. The future value of the present cash flows from a bond equal to bond value. B. The future value of the present cash flows equals to the future price of the bond. C. Present value of the future cashflows of the bond equal to the current price of the bond. D. The future value of the bond equal to the present price.	ANSWER: C
101	The rupee cost averaging approach seems to work better with A. Cyclical stock price B. declining stock price C. Rising stock price D. Rising stock price with cyclical patterns.	ANSWER: D
102	The term structure of the bond is the relationship between the A. The interest rate and bond s maturity period. B. interest rate of the bond and market rate of interest. C. Interest rate and price of the bond. D. Yield and time taken to mature	ANSWER: D
103	Coupon yield of the bond is A. the discounted value of the bond. B. Coupon payment stated as a percentage of bond features C. Coupon payment stated as a percentage of bond present price. D. a and c	ANSWER: C
104	A Banking company whose license is cancelled may appeal to the ____. A. High court. B. Supreme court C. RBI. D. Central government	ANSWER: D
105	M. banking means. A. To perform actions on his / her mobile device.	ANSWER: A

	<p>B. To perform actions on his / her internet service.  C. To perform actions on his / her webpage.  D. To perform actions on his / her pc.</p>	
106	<p>Off-line data entry is preferable when.  A. data should be entered without error.  B. the volume of data to be entered is large.  C. the volume of data to be entered is small.  D. information is to be processed periodically.</p>	ANSWER: B
107	<p>E-cash means.  A. to transfer money between different parties over a network.  B. to transfer cheque between different parties over a network.  C. to credit money between different parties over a network.  D. to credit cheque between different parties over a network.</p>	ANSWER: A
108	<p>In Electronic cash payment_____.  A. customer not withdraws coins in various denominations signed by the bank.  B. the bank has a database of issued coins.  C. not issues coins.  D. the bank cannot trace a customer</p>	ANSWER: D
109	<p>In Electronic cash payment _____.  A. debit card payment system is used.  B. customer buys several electronic coins which are digitally signed by coin issuing bank.  C. credit card payment system is used.  D. RSA cryptography is used in the transactions.</p>	ANSWER: C
110	<p>. The Secure Electronic Transaction protocol is used for _____.  A. credit card payment.  B. cheque payment.  C. electronic cash payments.  D. payment of small amounts for internet services.</p>	ANSWER: A
111	<p>A digital signature is _____.  A. bit string giving identity of a correspondent.  B. unique identification of a sender.  C. an authentication of an electronic record by tying it uniquely to a key only a sender knows.  D. an encrypted signature of a sender.</p>	ANSWER: C
112	<p>Electronic payment system is a-----.  A. software.  B. hardware.  C. application.  D. package.</p>	ANSWER: C
113	<p>Credit information furnished by credit information company to a bank can be used by it _____.  A. for any purpose  B. for publication in its annual report</p>	ANSWER: C

	C. for taking credit decisions D. for underwriting the shares of the borrower company.	
114	In Electronic cash payment _____. A. debit card payment system is used. B. customer buys several electronic coins which are digitally signed by coin issuing bank C. credit card payment system is used. D. RSA cryptography is used in the transactions.	ANSWER: C
115	In Electronic cash payment_____. A. customer not withdraws coins in various denominations signed by the bank. B. the bank has a database of issued coins. C. not issues coins. D. the bank cannot trace a customer.	ANSWER: D
116	A credit card contains _____. A. only cash. B. not only cash. C. not for cash. D. withdraw cash only.	ANSWER: B
117	The banker has a lien on _____. A. bonds given for collection. B. bonds given for safe custody C. bonds left by mistake D. bonds given for safe.	ANSWER: A
118	_____ is an example of an auction site. A. E-bay. B. I-bibo C. Facebook. D. Orkut.	ANSWER: A
119	A debit card is only for. A. electronic card both withdraw and deposit purpose. B. electronic card only for shop purpose. C. electronic card only for withdraw purpose. D. electronic card only for deposit purpose.	ANSWER: A
120	The banker has a statutory obligation to _____. A. honour customers cheques. B. exercise lien. C. maintain secrecy of his customers' accounts D. honour customers' bills	ANSWER: A
121	Two types of trading in the financial markets A. electronic delivery B. Courier. C. Door delivery. D. Post-delivery.	ANSWER: A
122	The following one is not a material alteration. A. Alteration of crossing.	ANSWER: C

	<p>B. Alteration of place of payment. C. Conversion of blank endorsement into full endorsement D. Alteration of the payees' name.</p>	
123	<p>The Secure Electronic Transaction protocol is used for _____. A. credit card payment B. cheque payment. C. electronic cash payments. D. payment of small amounts for internet services</p>	ANSWER: C
124	<p>SWIFT have _____ digital code number? A. 11. B. 5. C. 6. D. 10.</p>	ANSWER: A
125	<p>The biggest constraint in E-banking is _____. A. start-up cost. B. maintenance cost. C. training cost. D. security cost.</p>	ANSWER: A
126	<p>Merchant banker's activity relate to _____. A. equity and equity related finance. B. debt and debt related finance. C. fund business. D. non-Fund business.</p>	ANSWER: A
127	<p>Merchant bankers are _____. A. financial Brokers. B. financial Intermediaries C. credit Appraisers. D. underwriters.</p>	ANSWER: B
128	<p>Cheque is payable on _____. A. demand. B. usage. C. fixed future date. D. after sight.</p>	ANSWER: A
129	<p>Mobile banking offers the following. A. Withdrawal of cash anywhere in India B. Statement of account for a specific period. C. Transfer of funds from one account to another account. D. Balance enquiry.</p>	ANSWER: D
130	<p>The debit card offers _____. A. revolving credit for certain period. B. payoff the entire amount of card usage. C. on-line recover of amount of card usage. D. only amount.</p>	ANSWER: C
131	<p>The credit card offers _____. A. revolving credit for certain period.</p>	ANSWER: A



	B. payoff the entire amount of card usage. C. on-line recover of amount of card usage. D. only amount.	
132	A digital certificate _____. A. is an electronic message uniquely identifying the message sender. B. is a summary of a plain text document. C. is a reliable third party that authenticates the message sender. D. is used to identify the owner of a private key and related public key.	ANSWER: D
133	The safest form of crossing is _____. A. general crossing B. special crossing C. double crossing. D. a/c payee crossing.	ANSWER: D
134	Endorsement signifies that the _____. A. endorser has got a good title. B. endorser's signature is genuine. C. previous endorsements are genuine. D. All of the above.	ANSWER: D
135	The paying banker can get protection for a materially altered cheque provided _____. A. the alteration is not apparent. B. he makes payment in due course. C. the alteration is immaterial. D. i & ii together	ANSWER: D
136	Banking regulation act was passed in the year _____. A. 1934. B. 1946. C. 1949. D. 1948	ANSWER: C
137	A cheque with Not negotiable crossing _____. A. cannot be negotiated B. can be negotiated and the endorsee title is not affected in any case. C. can be negotiated but the holder of the cheque will not have title better than that of the person from whom he took it. D. is always deemed as crossed specially	ANSWER: C
138	Expansion of ICICI. A. Industrial Credit and Investment Corporation of India B. Industrial Credit and Investment Company of India. C. Industrial Credit and Investment Co-operation of India. D. Industrial Credit and Insurance Corporation Of India	ANSWER: A
139	The consumer Credit Bureau covers credit availed by _____. A. individuals B. private and public limited companies C. proprietary concerns D. banks.	ANSWER: A
140	The relationship between a banker and a customer is _____.	ANSWER:

	<p>A. that of a debtor and creditor          B. that of a creditor and a debtor.          C. primarily that of a debtor and a credit          D. that of a debtor and agent</p>	C
141	<p>For issuing a duplicate demand draft, the purchaser is required to submit?          A. Guarantee of a third party          B. Collateral security          C. Indemnity bond.          D. Undertaking from the payee.</p>	ANSWER: C
142	<p>The relationship between the hirer of a locker and banker is that _____. A.          principal and agent          B. lessee and lessor.          C. debtor and creditor.          D. pledge and pledger.</p>	ANSWER: C
143	<p>A debit card holder makes payment for purchases _____.          A. After 15 days.          B. After 20 days.          C. After a month.          D. Immediately through his account.</p>	ANSWER: D
144	<p>Credit information report contains _____.          A. a recommendation.          B. a guarantee about repayment.          C. for taking credit decisions.          D. for underwriting the shares of the borrower company.</p>	ANSWER: C
145	<p>REPO facility means _____.          A. borrowing of money without security.          B. borrowing on the basis of guarantee.          C. borrowing against term loans.          D. borrowing against securities on repurchase basis.</p>	ANSWER: D
146	<p>Aggregate capital market exposure for banks is prescribed as 40 per of _____.          A. net worth.          B. aggregate time and demand liabilities.          C. total investments          D. total assets of a banking company</p>	ANSWER: A
147	<p>Expansion of SBI          A. State Bank of India.          B. Securities Bank of India.          C. Stock Broking of India.          D. Society Bank of India.</p>	ANSWER: A
148	<p>Who can cancel the crossing on a cheque?          A. The payee.          B. The paying banker.          C. The endorser.          D. The drawer.</p>	ANSWER: D
149	<p>Which is not possible for the payee of a cheque?          A. To convert a bearer cheque into an order cheque.</p>	ANSWER: D

	<p>B. To convert an open cheque in to a crossed cheque.  C. To convert general crossing into special crossing  D. To make a specially crossed cheque into generally crossed cheque.</p>	
150	<p>1A banker should not refuse payment of a cheque if _____.</p> <p>A. the cheque is a post-dated cheque.  B. the cheque is drawn on another branch of the same bank.  C. the cheque contains an apparent material alteration which is not properly authenticated by the drawer.  D. the cheque bears more than two endorsements</p>	ANSWER: D
151	<p>The acceptor for honour _____.</p> <p>A. Does not bear any liability as he is not a party to the bill.  B. Bears the liability similar to the person for whose honour he accepts the bill.  C. Acts as a surety to the drawee.  D. Bears no liability.</p>	ANSWER: B
152	<p>The cause of dishonour of cheque much be _____.</p> <p>A. forget signature of drawer.  B. incomplete cheque.  C. insufficiency of funds in the account.  D. any material alteration.</p>	ANSWER: C
153	<p>The deposit with the bank for a fixed period which is specified at the time of making the deposit is called _____.</p> <p>A. saving deposit  B. current deposit  C. bank deposit  D. fixed deposit</p>	ANSWER: D
154	<p>The minimum period for which a commercial bank can accept term deposit is _____.</p> <p>A. 7 days  B. 15 days  C. 30 days  D. 60 days.</p>	ANSWER: A
155	<p>Interest on fixed deposits is compounded _____.</p> <p>A. monthly  B. quarterly.  C. half yearly  D. yearly basis</p>	ANSWER: B
156	<p>A banker should not stop operation of the account if the customer _____.</p> <p>A. dies.  B. becomes insolvent  C. changes his business premises.  D. becomes insane</p>	ANSWER: C
157	<p>Floating rate of interest is the rate which is _____.</p> <p>A. decided by the bank arbitrarily.  B. linked with another relevant rate.</p>	ANSWER: B

	C. fixed by the Indian bank's association D. notified by the reserve bank of India.	
158	MICR refers to _____. A. Magnetic Ink Character Recognition B. Magnetic Ink Company Recognition C. Magnetic Ink Cross Recognition. D. Magnetic Ink Community Recognition.	ANSWER: A
159	If the endorser signs his name only the endorsement is said to be ____ A. Endorsement in blank B. Endorsement in full C. Conditional endorsement D. restricted endorsement.	ANSWER: B
160	Expansion of SWIFT is _____. A. Society for worldwide interbank financial telecommunication B. Security for worldwide interbank financial telecommunication C. Secured for worldwide interbank financial telecommunication D. Safety for worldwide interbank financial telecommunication.	ANSWER: A
161	Discounting of bills of exchange is _____. A. clean advance B. secured advance C. neither clean advance nor secured advance. D. unsecured advance	ANSWER: C
162	The right of set - off is nothing but a _____. A. right to sell. B. right to retain. C. right to combine D. right to appropriate	ANSWER: C
163	According to IBA the maximum period for which fixed deposits can be obtained is _____. A. no limit B. 5 years C. 7 years D. 10 years	ANSWER: C
164	A pledge can be made in respect of _____. A. building. B. shares. C. motor car. D. book debts	ANSWER: B
165	A collecting banker is given the statutory protection only when he acts as _____. A. a holder B. an agent. C. a holder for value. D. a holder in due course.	ANSWER: D
166	The law of limitation applies to a saving deposit account from the date of _____. _____.	ANSWER: A

	A. opening it. B. closing it. C. demanding it. D. operating it.	
167	The most liquid asset is _____. A. gold. B. bill of exchange. C. government bonds. D. cash.	ANSWER: D
168	_____ is a dead cheque. A. Post-dated cheque B. Stale cheque. C. Ante dated cheque. D. Pre dated cheque	ANSWER: B
169	The best suited deposit for trading community is _____. A. Savings deposit B. Current deposit. C. Fixed deposit D. RD.	ANSWER: B
170	Which is a private bank? A. SBI. B. UTI C. IOB. D. Indian bank.	ANSWER: B
171	RBI refers to _____. A. Reserve Bank of India. B. Revenue Bank of India. C. Rupee Bank of India D. Regional Bank of India	ANSWER: A
172	Name the person to whom the amount of the cheque is payable? A. Drawer. B. Payee. C. Drawee. D. Acceptor	ANSWER: C
173	Expansion of HDFC _____. A. Housing Development Finance Corporation B. Housing Development Finance Company C. Housing Development Finance Co-operative D. Housing Development Finance Community	ANSWER: A
174	A bill of exchange is drawn for a maximum period of _____. A. 90 days. B. 120 days. C. 180 days. D. 360 days.	ANSWER: C
175	In a promissory note the words or order are _____. A. necessary to insert.	ANSWER: C

	<p>B. not necessary to insert C. not necessary but it is usual to insert D. necessary it is usual</p>	
176	<p>Until a bill of exchange is accepted, primary liability there on is that of _____.</p> <p>A. Payee. B. Drawee. C. Drawer. D. Acceptor.</p>	ANSWER: C
177	<p>Bill of exchange can be drawn payable _____.</p> <p>A. to bearer on demand B. either on demand or after a fixed time C. to bearer in presence D. to bearer not in presence.</p>	ANSWER: B
178	<p>A Cheque is always payable on _____.</p> <p>A. demand. B. a specified future date C. the last day of the grace. D. the will of the paying banker.</p>	ANSWER: A
179	<p>A promissory note _____.</p> <p>A. can be drawn in sets B. cannot be drawn in sets C. indemnity bond is also necessary. D. indemnity bond is not necessary.</p>	ANSWER: B
180	<p>Who controls credit in India?</p> <p>A. Government of India. B. RBI. C. SBI. D. Indian bank</p>	ANSWER: B
181	<p>Negotiable gives to the transferee _____.</p> <p>A. the same title B. no title C. no better title D. better title</p>	ANSWER: D
182	<p>Who is primarily liable on a promissory note?</p> <p>A. Holder. B. Maker. C. Drawee. D. Endorser.</p>	ANSWER: B
183	<p>Negotiable instruments are defined under _____.</p> <p>A. Section 52 of the Banking regulation act, 1949 B. Section 25 of the Reserve bank of India act, 1934. C. Section 13 of the Negotiable instruments act, 1881. D. Section 14 of the companies act, 1956.</p>	ANSWER: C
184	<p>ICICI was incorporated in _____.</p> <p>A. 1948</p>	ANSWER: B

	B. 1955 C. 1956 D. 1964	
185	LIC was set up in _____. A. 1948 B. 1951 C. 1956 D. 1964	ANSWER: C
186	National industrial development corporation Ltd, was established in _____. A. 1954 B. 1955 C. 1956 D. 1964	ANSWER: A
187	IFCI was established in _____. A. 1947. B. 1948 C. 1951 D. 1956.	ANSWER: B
188	IFCI has its registered office in _____. A. Bombay B. Madras C. New Delhi D. Calcutta.	ANSWER: B
189	RBI grants for agricultural purposes _____. A. only short-term finance. B. medium- and long-term finance. C. short -term and medium-term finance only D. short, medium- and long-term finance	ANSWER: C
190	Development banks are institutions which _____. A. give development loans B. provide emergency loans of banks C. are subsidiaries of RBI D. provide term finance to industries	ANSWER: B
191	The apex institution in agricultural finance is _____. A. NABARD B. EXIM bank C. RBI D. IDBI	ANSWER: A
192	Expansion of NEFT _____. A. National Electronic Fund Transfer. B. Neutral Electronic Fund Transfer. C. Nominal Electronic Fund Transfer. D. Natural Electronic Fund Transfer.	ANSWER: A
193	Expansion of EFT _____. A. Electronic Fund Transfer B. Economic Fund Transfer.	ANSWER: A

	C. European Fund Transfer D. Electric Fund Transfer.	
194	The head office of a bank is responsible for_____ A. only Bank level planning B. only Bank level planning, control functions C. bank level planning, control functions and policy decision D. only services to the branches	ANSWER: C
195	In which system computers are based on the centralized processing concept? A. Multi-user computer networking B. Stand-alone computer networking C. Processing computer system D. Frame computer system	ANSWER: A
196	The committee was set up to study bank computerization under _____. A. Dr. C Rangarajan. B. Dr. C. Ragavendra C. Dr. C. Raja rajan D. Dr. C. Ramachandran	ANSWER: A
197	RTGS means _____. A. Real Time Gross Settlement. B. Real Turn Gross Settlement. C. Real Technique Gross Settlement D. Real Towards Gross Settlement	ANSWER: A
198	The first Indian bank to open branch outside India _____. A. Bank of India B. Allahabad bank. C. south Indian bank D. Indian bank	ANSWER: A
199	Customer interface is maximum at the _____ level. A. zonal. B. branch C. head office. D. state office.	ANSWER: A
200	RTGS system works _____ days in a year A. 365. B. 362 C. 300. D. 305.	ANSWER: B
201	KYC means_____. A. know your customer. B. know your creditor. C. know your cost. D. know your card.	ANSWER: A
202	The first bank in India to be given an ISO certificate _____. A. Canara bank B. SBI. C. central bank of India.	ANSWER: A



	D. Indian bank.	
203	Core banking is a _____ branch computerization model. A. decentralized B. centralized. C. unified D. ATM	ANSWER: A
204	Any EFT limit on the amount of individual transaction? A. No limit. B. Rs. 5,00,000. C. Rs. 50,00,000. D. Rs. 25,00,000.	ANSWER: A
205	How many public sector banks have EFT facility available? A. 27 B. 32 C. 28 D. 30	ANSWER: A
206	EFT is introduced by A. IRDA B. RBI. C. SEBI D. NSE.	ANSWER: B
207	How many centres have EFT facility available? A. 15 centres B. 14 centres. C. 13 centres. D. 12 centres	ANSWER: A
208	How many scheduled commercial banks have EFT facility available? A. 35 B. 45 C. 55 D. 65	ANSWER: C
209	Expansion of ECS_____ A. Electronic Clearing system B. Electronic cantered system. C. Electronic cross systems D. Electronic conversion systems.	ANSWER: A
210	In early 1990s, which type of ATMs makes their appearance in India? A. Multi user ATM. B. Network ATM. C. Branch ATM D. Stand-alone ATMs	ANSWER: D
211	The objective of computerization in India is to _____. A. replace men with machines B. make the work life more meaningful C. control the manpower D. control the economy	ANSWER: A

212	ATMs are primarily used for performing the _____ functions. A. infrastructure B. computer based C. banking D. hospitalized	ANSWER: C
213	_____ is a technology that allows you to access your bank account from a mobile device. A. Home banking B. Mobile banking C. Internet banking. D. Television banking	ANSWER: B
214	During 1969, how many banks were nationalized? A. 15 B. 14 C. 16 D. 17	ANSWER: A
215	During 1980, how many banks were nationalized? A. 7 B. 6 C. 5 D. 8	ANSWER: B
216	The _____ acts as an agent of the RBI. A. SBI B. ICICI C. IOB D. HDFC	ANSWER: B
217	Deposit banking is also called as _____. A. commercial banking. B. unit banking. C. branch banking D. development banking.	ANSWER: A
218	In India every scheduled bank has to maintain with RBI a cash balance equivalent of all the deposit liabilities called as _____. A. open market ratio. B. cash reserve ratio. C. bank reserve ratio. D. credit reserve ratio.	ANSWER: B
219	The banking which attracts deposits and lending for only short periods is known as _____. A. commercial banking B. unit banking C. branch banking D. development banking	ANSWER: A
220	The banking operations are carried through a network of branches are called _____. A. branch banking	ANSWER: A

	B. unit banking. C. commercial banking. D. universal banking	
221	The banking operations are carried through a single banking office i A. branch banking B. unit banking C. commercial banking D. universal banking	ANSWER: B
222	How many standard message categories in SWIFT? A. 10 types B. 9 types C. 8 types. D. 7 types.	ANSWER: B
223	Which has been made possible by the application of information technology? A. Date mining. B. Date warehousing C. Data bases. D. Support systems.	ANSWER: B
224	_____ is a technique to reveal the strategic information hidden in the data warehouses. A. Data mining. B. Data warehousing C. Data bases D. Support systems	ANSWER: A
225	_____ is the demographic information about customers to help banks focus on particular segments A. Date mining B. Date warehousing C. Data analysis D. Support systems	ANSWER: C
226	_____ is to analyze the performance of a set a securities and fundamental data of the companies that issue the securities. A. Date mining B. Date warehousing C. Data analysis. D. Stock portfolio creation and analysis.	ANSWER: C
227	Who recommended the RBI to establish a data warehouse on banking and finance? A. Dr. Rangarajan. B. M.M. Shah C. M. Venkat Ram D. Vasudevan.	ANSWER: D
228	The universal set of standards for EDI is known as _____. A. EDIFACT. B. EDI. C. ISO	ANSWER: A

	D. BIS	
229	Communication technology _____. A. facilitates the processing of data. B. helps in transmission of data C. enables decision support system. D. is a tool for data mining.	ANSWER: B
230	Which of the following is the gateway in India EDI services worldwide? A. Satyam online B. BSNL C. MTNL D. VSNL	ANSWER: D
231	When SHIFT network was came to India? A. December 2, 1991. B. December 1, 1991. C. December 3, 1991. D. December 4, 1991	ANSWER: A
232	Which committee recommended the establishment of private sector banks in India? A. Dr. Rangarajan committee. B. Narashimham committee C. Rajendran committee. D. Govindarajan committee.	ANSWER: A
233	RBI was set up in the year _____. A. 1935. B. 1934. C. 1933 D. 1932.	ANSWER: A
234	_____ has been constituted as a corporate body having perpetual succession and a common seal. A. RBI. B. ICICI. C. HDFC. D. IOB.	ANSWER: A
235	The Indian _____ is the market in which short term funds are borrowed and lent. A. Money market B. Open market C. Closed market. D. Credit market	ANSWER: A
236	Where did bill market first developed? A. USA B. London. C. France D. Italy.	ANSWER: B
237	The obligation of a banker to honour his customers cheque is extinguished on receipt of an order of the court, known as the _____.	ANSWER: A

	A. garnishee order. B. bank order C. RBI order. D. debtor order	
238	A Garnishee order is an order issued by _____. A. Income tax officer B. official liquidator C. court. D. RBI	ANSWER: C
239	The primary relationship between banker and customer is a ----- relationship A. Mutual B. Contractual C. Personal D. None of the above	ANSWER: B
240	Which one of the following is the most important relationship between banker and customer? A. Debtor and Creditor B. Bailee and Bailor C. Agency and Principal D. Trustee and Beneficiary	ANSWER: A
214	The bank can consider ----- lien as their protection against loss on loan or overdraft which was given to its customers A. Special B. Particular C. General D. Lending	ANSWER: A
242	When customer's account overdrawn or when customer has taken loan from banker, then the customer A. Creditor B. Agent C. Debtor D. Bailor	ANSWER: C
243	It is a ----- obligation of a banker to honour the cheques of the customer drawn against current account A. Mutual B. Statutory C. Non-statutory D. All of the above	ANSWER: B
244	Which bank have given the instructions to the commercial banks regarding the immediate credit of outstation cheques? A. Reserve Bank of India B. Central Bank C. World Bank D. All of the above	ANSWER: A
245	Dishonour of cheque by a banker without any justifiable reason is called A.	ANSWER:

	Valid dishonour of cheques B. Unmindful dishonour of cheques C. Negligence dishonour of cheques D. Wrongful dishonour of cheques	D
246	When banker received deposits from the customer, then the banker becomes - ----- of the customer A. Debtor B. Creditor C. Bailee D. Trustee	ANSWER: A
247	A ----- refers to the right of banker to adjust the credit and debit balance of customers without obtaining any letter of set-off or without giving any notice to the customers A. Automatic set-off B. Proper set-off C. Legal set-off D. Special set-off	ANSWER: A
248	A company who accepts demand deposit is called _____ A. Joint stock company B. Banking company C. Manufacturing company D. IT company	ANSWER: B
249	25. Current Accounts are mainly opened by A. Professionals B. Agriculturalist C. Salaried class people D. Trading and industrial concern	ANSWER: D
250	The RTGS introduced by RBI in---- A. April 2006 B. June 2015 C. March 2005 D. March 2004	ANSWER: D