

**TELANGANA UNIVERSITY**  
**S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)**  
**II SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS**  
**Banking and Financial Services QUESTION BANK**

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• **Choose the Correct Answers :-**

1. \_\_\_\_\_ is a market for long term funds (or) securities with a maturity period of above one year. [ a ]  
(a) Capital Market (b) Secondary market (c) Money Market (d) Primary Market
2. \_\_\_\_\_ is a financial intermediary that pools the savings of investors into a diversified portfolio of securities. [ b ]  
(a) Commercial bank (b) Mutual funds (c) Insurance Companies (d) None
3. Commercial banks performs four major functions. They are traditional functions, Incidental functions, core functions and \_\_\_\_\_. [ a ]  
(a) Ancillary functions (b) Letter of Credit (c) Promotional functions (d) All
4. To control the liquidity risk through fundamental approach two methods are used. They are Asset management \_\_\_\_\_. [ c ]  
(a) Technical management (b) Deposits (c) Liability Management (d) None
5. Simulation Method is one of the technique used to measure \_\_\_\_\_. [ d ]  
(a) Liquidity risk (b) Foreign exchange risk (c) Credit risk (d) ALM Interest rate risk
6. \_\_\_\_\_ affects three incomes/ expenses, value of assets / liabilities, and the market value [ c ]  
(a) Reinvestment risk (b) Basis Risk (c) Real interest rate risk (d) Call/Put risk
7. Advantage of branch banking [ d ]  
(a) Large scale operation (b) large financial resources (c) increase in banking facilities (d) all
8. \_\_\_\_\_ is the default risk wherein, any one party involved in the contract with other party fails to meet his financial obligations. [ d ]  
(a) Liquidity risk (b) Contingency risk (c) Volatility risk (d) Credit Risk
9. When a mismatch exists between the benchmark rates, \_\_\_\_\_ take place/ occurs. [ c ]  
(a) Call/Put risk (b) Credit risk (c) basis risk (d) Prepayment risk
10. Advantage of e- banking [ d ]  
(a) Transfer service (b) quality service (c) ease of monetary (d) all
11. The relationship between a banker and a customer is \_\_\_\_\_. [ c ]  
(a) That of a debtor and creditor  
(b) That of a creditor and a debtor  
(c) Primarily that of a debtor and creditor  
(d) (a) and (b) together
12. The banker has a lien on \_\_\_\_\_. [ c ]  
(a) Bonds given for collection (b) Bonds given for safe custody  
(c) Bailee and bailor (d) Agent and principal
13. In executing the standing instructions, there exists a relationship of \_\_\_\_\_. [ d ]  
(a) Debtor and creditor (b) Trustee and beneficiary  
(c) Bailee and Bailor (d) Agent and principal
14. To constitute a person as a customer, [ c ]  
(a) There must be frequency of transactions  
(b) There must be a dealing of a banking nature  
(c) There must be some sort of an account  
(d) There must be a single transaction of any nature
15. The banker has a statutory obligation to [ a ]  
(a) Honour customer's cheques  
(b) Exercise lien

- (c) Maintain secrecy of his customers account  
 (d) Honour customer's bill
16. KYC stand for \_\_\_\_\_. [ a ]  
 (a) Know your customer (c) Know young customer  
 (b) Know youth customer (d) all
17. General relationship of banker and customers [ a ]  
 (a) debtor – creditor (b) customer and banker  
 (c) Bank and industries (d) all
18. Special relationship of banker and customer [ a ]  
 (a) Assessment of damages (b) debtor, creditor relationship  
 (c) A banker as an agent (d) A banker as a trusty
19. The Reserve Bank of India was established on \_\_\_\_\_. [ a ]  
 (a) April 1, 1935 (b) July 12, 1982 (c) May 26, 2006 (d) September 30, 2005
20. Who works as RBI's agent at places where it has no office of its own? [ a ]  
 (a) State bank of India (b) Ministry of Finance (c) Government of India (d) International monetary fund

### Fill in the blanks

- The state bank of India was introduced on \_\_\_\_\_.
- NEFT Stands for \_\_\_\_\_.
- RTGS Stands for \_\_\_\_\_.
- SMS stands for \_\_\_\_\_.
- \_\_\_\_\_ simply means selling of insurance products by banks.
- The term monetary policy is also known as the \_\_\_\_\_.
- Establishment of IDBI in \_\_\_\_\_.
- RRBs stands for \_\_\_\_\_.
- Type of Development Bank \_\_\_\_\_.
- Function of Development banks \_\_\_\_\_.
- A banker is a \_\_\_\_\_ debtor.
- A banker's lien is always a \_\_\_\_\_ lien.
- Accepting a bill and making it payable at the bank is called \_\_\_\_\_.
- For willful dishonor of a cheque, \_\_\_\_\_ damage is payable by the banker.
- Special type of customer for bank \_\_\_\_\_.
- Element of KYC norms \_\_\_\_\_.
- To claim a banking debt \_\_\_\_\_ in writing is necessary.
- Honoring of a cheque is an \_\_\_\_\_ obligation, whereas maintenance of secrecy is a \_\_\_\_\_ obligation.
- \_\_\_\_\_ is necessary to exercise a lien.
- The word "customer" signifies a relationship in which \_\_\_\_\_ is of no essence.

### Short Answers.

- Define term bank?
- Commercial Banks?
- Define E-Banking?
- Define M-Banking?
- Define Core Banking?
- Banc assurance?
- Define monetary policy?
- Write any two objectives of RRBs?
- Write any two functions of NABARD?

10. Define RBI?