

**SUBJECT : PRINCIPLES & PRACTICES OF BANKING**

1. Which of the following is not a rationale behind regulating the banking / financial institutions?
  - a) To promote confidence and trust in the system
  - b) To protect investor's interest
  - c) To ensure that financial markets are fair and efficient
  - d) To promote profitability of the central bank
2. Which of the following Authority regulates the securities market?
  - a) Nepal Rastra bank
  - b) Securities Board of Nepal
  - c) Beema Samiti
  - d) Govt. of Nepal
3. What is the full form of CAELS?
  - a) Capital, Assets, Earnings, Liquidity, Sensitivity to market risk
  - b) Core, Actual ,Earnings, Liquidity, Sensitivity to market risk
  - c) Core, Actual, Earnings, Liquid, Source
  - d) None of the above
4. For which of the following reason 'Rural Self Reliance Fund 'has been created?
  - a) Investing excess funds with BFIs
  - b) For lending to deprived and poor house holds
  - c) To inject liquidity in securities market
  - d) To shore up statutory liquidity ratio.
5. A Nepali citizen does not have proof of source of dollar which he has acquired. What is the maximum amount of dollars that he can get it exchanged with a licensed money exchanger?
  - a) Without proof he cannot exchange
  - b) He can exchange up to \$ 1000
  - c) He can exchange up to \$ 500
  - d) He can exchange up to \$ 3000
6. In a simplified KYC account maximum balance in the account should not exceed Rs.\_\_\_\_\_.
  - a) 1 million
  - b) 0.50 million
  - c) 2 million
  - d) 3 million

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7. Which of the following is not classified as non fund based service?
- a) Letter of credit
  - b) Collection of bills
  - c) Bank guarantee
  - d) Bills discounting
8. Which of the following explains the meaning of Universal Banking?
- a) Opening branches of Bank abroad also
  - b) Undertaking trade finance
  - c) Offering all types of financial products
  - d) none of the above
9. Wholesale banking refers to doing banking business with
- (a) Individuals
  - (b) Industrial and business entities – including government and public sector companies
  - (c) Only companies registered under the Companies Act
  - (d) Large borrowers irrespective of their category
10. A Depository Receipt (DR) is a type of
- (a) Negotiable (transferable) financial instrument that is traded on a local stock exchange of a country but represents a security, usually in the form of equity that is issued by a foreign publicly listed company.
  - (b) Negotiable (transferable) financial instrument that is traded on a stock exchange of a foreign country but represents a security, usually in the form of equity that is issued by a foreign publicly listed company.
  - (c) Negotiable (transferable) financial instrument that is traded on a local stock exchange of a country but represents a security, usually in the form of equity that is issued by a local publicly listed company.
  - (d) Receipt given by a depository participant of a depository.
11. In which of the following year NEPSE opened its trading floor?
- a) 1983
  - b) 1994
  - c) 1990
  - d) 2007
12. NEPSE trading system is called as NATS, What is the full form of NATS?
- a) National Automatic Trade System
  - b) Nepal Actual Trading System
  - (c) Nepal Automated Trading System
  - d) None of the above
13. A zero coupon bond is issued at \_\_\_\_
- a) Discount
  - b) Premium
  - c) Face value
  - d) Reasonable price

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14. Minimum capital required for registration as an issue manager is
- a) Rs.40,000,000
  - b) Rs30,000,000
  - c)Rs10,000,000
  - d) Rs20,000,000
15. Minimum area of office stipulated for stock broker by SEBON is
- a) 200 sq.feet
  - b) 500 sq feet
  - c)750sq.feet
  - d) 1000 sq feet
16. In which of the following instruments funds cannot be invested by a Mutual Fund?
- (a) Securities listed in stock exchange
  - (b) Bank Deposits
  - (c) Money market Instruments
  - (d) None of the above
17. The term NAV in a Mutual Fund means
- (a) No Asset Value
  - (b) Non Asset Value
  - (c) Net Asset Value
  - (d) Negligent asset Value
18. In case of Gilt funds amount is invested exclusively in \_\_\_\_
- (a) Sectors such as software, pharmaceuticals etc.
  - (b) Govt. Securities
  - (c) Bank Deposits
  - (d) Securities listed in Stock exchange
19. The aim of balanced funds is to provide:
- (a) Growth (capital appreciation)
  - (b) regular income
  - (c) Both growth and regular income
  - (d) none.
- 20.How many governments owned insurance companies are operating in Nepal?
- a) Two
  - b) Eighteen
  - c) Three
  - d) Five
- 21.As of mid July 2018how many non life insurance companies are in operation?
- a) 17
  - b) 09
  - c) 20
  - d) 35
- 22.Which of the following authority regulates the insurance activities in Nepal?

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- a) Nepal Rastra Bank
- b) Beema Samiti
- c) SEBON
- d) None

23. To be an insurance agent one has to undergo training. Who is authorized to conduct this training?

- a) Nepal Rastra Bank
- b) Govt. of Nepal
- c) Insurance Board
- d) University in Nepal

24. Which of the following insurance product is not undertaken / popular ?

- a) Bancassurance
- b) Fire Insurance
- c) Term Insurance
- d) Motor Insurance

**25.** Factoring service means:

- (a) Collection of bills
- (b) Discounting of bills
- (c) Maintenance of account books
- (d) All of the above.

**26.** The type of arrangement under which a bank pays the seller the value of the bill and later collects it from the buyer on the due date is called:

- (a) Bill discounting
- (b) Factoring
- (c) Forfaiting
- (d) None.

**27.** The type of factoring under which the factor collects back from the seller the amount paid by him in case of non-payment of the bills on the due date is called:

- (a) Recourse factoring
- (b) Non-recourse factoring
- (c) Bills discounting
- (d) Bills purchased.

**28.** Under domestic factoring, the payment of the bills that the seller gets from the factor is:

- (a) 100 per cent of the value of the bills immediately on submission.
- (b) Nearly 80 per cent of the bill amount upon tendering the bill and the balance on due date.
- (c) Nearly 80 per cent of the bill amount upon tendering the bill and the balance on due date after collecting it from the buyer.

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(d) 100 per cent of the value of the bill only after collection from the buyer.

29. In international factoring, the number of factors will be:

- (a) 2
- (b) 1
- (c) 1 or 2
- (d) more than 2

30. One of the following forms may not result in credit risk:

- (a) *In the case of direct lending:* principal and/or interest amount may not be repaid;
- (b) *In the case of guarantees or letters of credit:* funds may not be forthcoming from the constituents upon crystallisation of the liability;
- (c) *In the case of securities trading businesses:* funds/securities settlement may not be effected;
- (d) None.

31. Operational risk is the risk of loss arising from various types of:

- (a) Human error
- (b) Failed systems and procedures in the bank
- (c) Breakdown in internal controls
- (d) All of the above.

32. The Basel Committee on Banking Supervision is a committee of banking supervisory authorities that was established by:

- (a) The central bank governors of the Group of ten countries
- (b) European countries
- (c) India
- (d) USA.

33. Under the Basel I Accord, BCBS fixed the minimum requirement of capital funds for banks at:

- (a) 8 per cent of the total risk weighted assets
- (b) 9 per cent of the total risk weighted assets
- (c) 10 per cent of the total risk weighted assets
- (d) Rs 1000 million.

34. In case of Strategic Alliances,

- (a) The partners will remain as separate entities

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- (b) The partners will lose their individual identities
- (c) One partner will get merged with the other
- (d) None

**35.**The first merger of BFI in Nepal happened in which of the following year?

- (a) 2061 B.S.
- (b) 2064 B S
- (c) 2066 B S
- (d) 2062 B S

**36.**Combining of two or more companies into a single company where one survives with its name and the others lose their corporate existence is called:

- (a) Merger
- (b) Alliance
- (c) Consolidation
- (d) Acquisition.

**37.** As per the merger Byelaws laid down by NRB which of the following institutions can merge with each other?

- (a) Only A and B class financial Institutions
- (b) Only A and D class financial Institutions
- (c) Only A , B, and C class financial Institutions
- (d) Only B and D class financial Institutions

**38.** Credit information bureau was renamed as Karja Suchana Kendra Limited in which of the following year?

- a) 1989
- b) 2004
- c) 2005
- d) 1996

**39.** Under which of the following circumstances a borrower is black listed?

- a) If principal amount is not repaid for over six months
- b) If principal amount and interest is not repaid for over six months
- c) If principal or any instalment or interest is overdue by nine months .
- d) If principal or any instalment or interest is overdue by twelve months .

**40.**When can the name from the blacklist be removed?

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- a) Name once listed cannot be removed
- b) Upon repayment of amount as agreed by the bank
- c) Upon special request because of old age
- d) None of the above

41. Which of the following institution has prepared and published the Banker's fair Practice code?

- a) Nepal Rashtra Bank
- b) Nepal Banker's Association
- c) Govt. of Nepal
- d) World bank

42. If there is no satisfactory response within \_\_\_\_ days, a complainant may approach NRB grievance cell.

- a) 60
- b) 30
- c) 08
- d) 90

43. Reforms in the financial sector were started for the first time in which of the following year?

- a) 2002
- b) 1990
- c) 1985
- d) 1987

44. Interest rates in Nepal are \_\_\_\_

- a) Regulated by NRB
- b) Deregulated
- c) Partially de regulated
- d) None of the above

45. The present priority sector target is \_\_\_\_

- a) 12 %
- b) 3 %
- c) 10%
- d) 25%

46. Debt Recovery Tribunal was established in which of the following year?

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- a) 2002
- b) 2003
- c) 1987
- d) 2009

47. Deposit Guarantee scheme has the backing of \_\_\_\_

- a) NRB
- b) Govt. of Nepal
- c) SEBON
- d) Nepal Banker's Association

48. In deposit accounts, the main relationship between bank and customer is:

- (a) creditor-bank, debtor-customer
- (b) debtor-bank, creditor-customer
- (c) agent-principal
- (d) servant-owner
- (e) Only (a) and (b).

49. When a bank lends money to the corporate person the relationship is:

- (a) borrower and lender
- (b) creditor-debtor
- (c) debtor-creditor
- (d) customer and client

50. Bailor-bailee relationship is applicable in:

- (a) Cash deposited with cashier by customer
- (b) Safe deposit locker
- (c) Demand draft issued by bank
- (d) Keeping articles in safe custody with bank
- (e) None of above