

Important Banking Awareness MCQs for Bank Exams 2016 - Previously Asked Questions (Banking Awareness)

1. The RBI allowed some common ATMs that are owned and managed by non-banking organizations hoping to cut transaction costs for banks. Such ATMs are known as _____.

- (A) Offsite ATMs
- (B) Black Label ATMs
- (C) Onsite ATMs or Red ATMs
- (D) Third party ATMs
- (E) White Label ATMs**

2. The interest payable on savings bank account is regulated by _____.

- (A) Reserve Bank of India**
- (B) State Government
- (C) World Bank
- (D) Central Government
- (E) Finance Minister.

3. Mr. Aswin had filed a complaint with Banking Ombudsman But, he is not satisfied with that decision. What is the next option before him to resolve his complaint?

- (A) File an appeal before the finance minister.
- (B) File an appeal before the Banking Ombudsman again
- (C) Simply close the matter as going to court involves time and money
- (D) Write to the CMD of the bank
- (E) File an appeal to the Deputy Governor of RBI**

4. Which of the following is correct statement

- (A) Interest is paid on both savings account and current account.
- (B) Normally no interest is paid on current deposit accounts.**
- (C) Savings deposits are same as current deposits.
- (D) No interest is paid on any account
- (E) Interest paid on current accounts is same as fixed term deposits.

5. When a bank returns a cheque unpaid is called _____.

- (A) Drawing of the cheque
- (B) Payment of the cheque
- (C) Cancelling of the cheque
- (D) Dishonour of the cheque**
- (E) Taking off the cheque

6. Interest on savings bank account is now calculated by banks on

- (A) Minimum balance during the month
- (B) Minimum Account balance amount from 7th to last day of the month
- (C) Minimum balance from 10th day to last day of the month
- (D) Maximum balance during the month
- (E) Daily product basis**

7. A centralized database with online connectivity to all of its branches, the internet as well as ATM-network which has been used by almost all the major banking sectors of India is known as _____.

- (A) merchant banking
- (B) core banking**
- (C) mobile banking
- (D) Nationalized banking
- (E) specialized banking

8. Which bank came into existence in 1921, when three banks namely, Bank of Bombay (1840), Bank of Madras (1843), and Bank of Bengal (1806) were reorganized and amalgamated to form a single banking entity?

- (A) Punjab National Bank (PNB)
- (B) State Bank of India (SBI)
- (C) Reserve Bank of India (RBI)
- (D) Imperial Bank of India**

9. When the rate of inflation increases _____

- (A) the purchasing power of the money increases
- (B) the purchasing power of the money decreases**
- (C) the value of the money increases
- (D) the purchasing power of the money remains unaffected anyhow
- (E) the amount of money in the circulation decreases

10) Which of the following is not considered a money market instrument?

- (A) Treasury bills
- (B) Repurchase Agreement**
- (C) Commercial Paper
- (D) Certificate of Deposit
- (E) Shares and Bonds.

11) Usually in banking sectors, in a view to facilitating payment of balance in the deposit account to the person named by the depositor without any hassles in the event of the death of the accounts in our country _____.

- (A) will
- (B) registration
- (C) nomination**
- (D) mortgage
- (E) guarantee

12) Banks in our country normally publicize that additional interest rate is allowed on retail domestic term deposits of _____

- (A) Minorities
- (B) Married women
- (C) Senior Citizens**
- (D) Government employees
- (E) People of Rural areas.

13) 'FBTR' is a term/abbreviated name related to the area of _____.

- (A) Nuclear power**
- (B) Agriculture
- (C) Economy
- (D) Medical Science
- (E) Sports

Note: Fast Breeder Test Reactor (FBTR), Usually people thought FB means Financial Banking and totally FBTR comes under Economy.

14) What is the full form of 'FINO' a term we see frequently in financial newspapers?

- (A) Financial Investment Network Operations .
- (B) Farmers Investment in National Organization.
- (C) Farmers Inclusion News and Operations
- (D) Financial Inclusion Network and Operations
- (E) None of these**

15) A worldwide financial messaging network which can exchange messages between the banks and the financial institutions is called as _____.

- (A) CHAPS
- (B) SWIFT**
- (C) NEFT
- (D) SFMS
- (E) CHIPS

16) Which one of the following is not a 'Money Market Instrument'?

- (A) Treasury Bills
- (B) Equity Shares**
- (C) Certificate of Deposit
- (D) Commercial Paper
- (E) None of these

17) In which of the following fund transfer mechanisms , can funds be moved from one bank to another and where the transaction is settled instantly without being bunched with any other transaction?

- (A) NEFT
- (B) RTGS**
- (C) TT

- (D) EFT
- (E) MT

18) Banking Ombudsman scheme is applicable to the business of
(A) All the scheduled commercial banks excluding RRBs

- (B) All the scheduled commercial banks including RRBs
- (C) Only public sector banks
- (D) All banking companies
- (E) All scheduled banks except private banks

19) Nationalization of banks aimed at all of the following except _____

- (A) Removal of control by few capitalists
- (B) Provision of adequate credit for agriculture, SME & exports.
- (C) Access to banking to masses
- (D) Encouragement of a new class of entrepreneurs
- (E) Provision of credit to big industries only.

20) Which of the following banks is headed by woman CEO?

- (A) BMB
- (B) ICICI
- (C) AXIS Bank
- (D) PNB
- (E) All of the above.**

BMB, PNB - Usha Ananthasubramanian,
AXIS - Shika Sharma
ICICI - Chanda Kochhar

21) Fixed deposits and recurring deposits are _____.

- (A) repayable after an agreed time period.
- (B) repayable on demand
- (C) not repayable
- (D) repayable after the death of depositors
- (E) repayable on demand/after an agreed time period as per banker's choice**

22) Base Rate is the rate below which no bank can allow their lending to anyone. who sets up this 'Base Rate' for Banks?

- (A) Ministry of commerce
- (B) Ministry of Finance
- (C) RBI
- (D) Interest rate of commission
- (E) Individual Banks Board

23) As per revised RBI Guidelines, provision on secured portion of loan accounts classified as doubtful assets for more than one year and up to 3 years is to be made at the rate of _____

- (A) 15%
- (B) 20%
- (C) 40%**
- (D) 25%
- (E) 30%

24) By increasing the 'Repo Rate', The economy may observe the following effects:

- (A) Industrial output would be affected to an extent
- (B) Rate of interest on loans and advances will be costlier**
- (C) Banks increases the rate of interest on deposits
- (D) Industry houses may borrow money from foreign countries
- (E) All of these

25) Bad Advances of a bank are known as _____.

- (A) Book debt
- (B) Bad debt
- (C) Out of order accounts
- (D) Overdrawn accounts
- (E) Non-Performing Assets (NPAs)**

26) An ECS transaction gets bounced and you are unable to recover your money from your customer. Under which of the following act criminal action can be taken?

- (A) Indian Penal code (IPC)
- (B) Negotiable Instruments Act
- (C) Criminal Procedure Code (CPC)
- (D) Payment and Settlements Act**
- (E) Indian Contract Act (ICA)

27) Accounts are allowed to be operated by cheques in respect of

- (A) both current accounts and fixed deposit accounts
- (B) current accounts and Savings Bank accounts
- (C) savings bank accounts and loan accounts**
- (D) current accounts and fixed deposit accounts
- (E) saving bank accounts and term deposits.

28) Which of the following document is not required for opening a bank account?

- (A) ID-Proof
- (B) Domicile Certificate**
- (C) Recent Passport size photos
- (D) Address Proof
- (E) None of these

29) With reference to the cheque which of the following is the 'drawee bank'?

- (A) The bank that collects the cheque
- (B) The payee's bank
- (C) The endorsee's bank

- (D) The endorser's bank
- (E) The bank upon which the cheque is drawn**

30) Who among the following was recently appointed as the new governor of the RBI (Reserve Bank of India) in September 2016?

- (A) Raghuram Rajan
- (B) D. Subba Rao
- (C) K C Chakrabarty
- (D) Anand Sinha
- (E) Mr. Urjit Patil**

31) Which of the following in the banking sector, measures the ability of a company to meet its short-term debt obligations?

- (A) Current Ratio
- (B) Acid Test Ratio
- (C) Cash Ratio
- (D) Working Capital Ratio
- (E) All of the Above**

32) Which derivative instrument used by foreign investors who wish to invest in India?

- (A) P-Notes**
- (B) Derivatives
- (C) Swaps
- (D) Forwards
- (E) Collars

33) In which country was the Bank for International Settlements (BIS) located?

- (A) US
- (B) Switzerland
- (C) Japan
- (D) China**
- (E) UAE

34) When more than one bank is allowing credit facilities to one party in coordination with each other under a formal arrangement this is generally known as

- (A) Participation
- (B) Consortium**
- (C) Syndication
- (D) Hedging
- (E) None of these

35) When a bank deposits a fake note to the RBI, The amount paid by the RBI to the bank is

- (A) 5% of the amount of the fake note.
- (B) 10% of the amount of the fake note.
- (C) 18% of the amount of the fake note

(D) 25% of the amount of the fake note

(E) 33% of the amount of the fake note.

36) The system of cheque clearing and settlement between banks based on electronic data/images are both without physical exchange of instrument is known as

(A) Cheque Truncation

(B) Cheque Embossing

(C) Cheque Standardization

(D) Cheque Digitalization

(E) Cheque Clearance

37) A segment of financial market in which financial instruments with high liquidity and very short maturities are traded is known as _____

(A) Mutual Fund Market

(B) Money Market

(C) Stock Market

(D) Equity Market

(E) Derivative Market

38) Immediately prior to change in the measure of Food Inflation . Which of the following indexes was being used for measuring it?

(A) Consumer Price Index (CPI)

(B) Wholesale Price Index (WPI)

(C) Interest rates offered by banks on deposits

(D) Sensex and Nifty

(E) None of these

39) What is the full form of FINO a term we see in financial newspapers?

(A) Financial Investment and Network Operations

(B) Farmers Investment in National Organization

(C) Farmers Inclusion News and Operations

(D) Financial Inclusion Network and Operations

(E) None of these

40) Banks and other financial institutions in India are required to maintain a certain amount of liquid assets like cash, precious metals, and other short-term securities as a reserve all the time in banking world this is known as _____.

(A) CRR

(B) SLR

(C) PLR

(D) MSF

(E) Fixed Asset

41) What role do Micro, Small, and Medium Enterprises (MSMEs) play in a country's economic growth and Industrial Development?

(I) Such institutions help in distribution of income in a wide spectrum and do not allow

it to get concentrated in few hands or in few areas.

(II) They have the capacity to absorb skilled and unskilled labor available in the country.

(III) They help in the eradication of poverty by providing self-employment opportunities.

(A) Only I

(B) Only II

(C) Only III

(D) Only II and III

(E) All I, II and III.

42) What is the term used for fixing the high price for a new product?

(A) Freemium

(B) Absorption Pricing

(C) Odd Pricing

(D) Decoy Pricing

(E) Skimming