Basel Norms 1, 2 & 3 MCQ

Q.1. Which of the following is known as the third pillar of basel-II accord?

a) Minimum capital requirement

b) Supervisory review process

c) Standard approach

d) Market discipline

Q.2. The minimum total capital ratio under Basel -III is ………………..% of RWA. That is :

a) 2.5%

b) 3.5%

c) 9%

d) 10.5%

Q.3. With reference to basel III how much capital conservation buffer are bank required to maintain?

a) 3.5%

b) 2.5%

c) 7.5%

d) 1.5%

e) 5.5%

Q.4. Which one is not under the three pillars of BASEL III norms in banking industry?

a) Market Discipline

b) Minimum Capital Requirement

c) Risk oriented Supervision

d) Supervisory Review Process

Q.5. What are the elements of Tier-I capital, including additional Tier-I capital as per BASEL-III?

a) Paid up equity capital, statutory & disclosed reserves
b) Capital reserves representing surplus arising out of sale proceeds of assets
c) Perpetual non cumulative preference shares and debt capital instruments eligible for inclusion under additional tier-I
d) All of the above

Q.6. To calculate capital adequacy ratio, the banks are required to take into account which of the following risks?

a) Credit risk and operational risk
b) Credit risk and market risk
c) Market risk and operational risk
d) Credit risk, market risk, operational risk

Q.7. Basel Committee on Banking Supervision is a committee of banking super authorities that was established by:

a) RBI

b) Central Bank governors of the group of 10 countries

c) Unites state of America

d) European countries

Q.8. What is the full form of NSFR?

a) Net stable fund ratio
b) Net sustainable funding ratio
c) Net stable funding ratio
d) Net stable fundable ratio

Q.9. As per the basel III implementation in India, minimum Tier1 capital must be ______________ % of risk weighted assets on going basis.

a) 5.5%

b) 7%

c) 9%

d) 11%

e) 8%

Q.10. As per Basel III , the risk of losses in on balance sheet and off balance sheet positions arising from movements in market prices is called________

a) Credit risk

b) Market risk

c) Pricing risk

d) Liquidity risk

e) Operational risk

Q.11. How many pillars is the Basel II Framework based?

a) 1

b) 2

c) 3

d) 4

e) 5

Q.12. Operational risk is the risk of loss arising from various types of;

a) Human error

b) System failed in the bank

c) Breakdown in internal control

d) All of the above

Q.13. Which of the following statement is not correct regarding Basel III implementation in India?

a) Minimum tier1 capital ratio should be 8%
b) Maximum tier2 capital should be 2%
c) Minimum total capital ratio should be 9%
d) Minimum total capital plus capital conservation buffer should be 11.5%

Q.14. Which of the following is the risk of default on a debt that may arise from a borrower failing to make required payments?

a) Market Risk

b) Credit Risk

c) Operational Risk

d) Forex Risk