

BCM33 - BANKING THEORY, LAW AND PRACTICE
MULTIPLE CHOICE QUESTIONS

1. Current Accounts are mainly opened by

- A. Professionals
- B. Agriculturalist
- C. Salaried class people
- D. Trading and industrial concern

Answer: D

2. The safest form of crossing is

- A) General crossing
- B) Special crossing
- C) Double crossing
- D) A/c Payee crossing

Answer: D

3. A cheque which is not crossed is called:

- A) Uncrossed cheque
- B) Open cheque
- C) Order cheque
- D) Bearer Cheque

Answer: B

4. The best answer for returning a cheque for want of funds in the account is.....

- A) Refer to drawer
- B) Not provided for
- C) Exceeds arrangement
- D) Not sufficient funds

Answer: D

5. The relationship between a banker and customer is.....

- A) That of a debtor and creditor
- B) That of a creditor and debtor
- C) Primarily that of a debtor and a creditor
- D) (a) and (b) together

Answer: A

6. The primary relationship between a banker and customer starts from the time

- A. when customer visits that bank
- B. when customer opens account
- C. when customer visits that bank to made queries
- D. All of the above

ANSWER: B

**7. When banker received deposits from the customer, then the banker becomes --
----- of the customer**

- A. Debtor
- B. Creditor
- C. Bailee
- D. Trustee

ANSWER: A

8. MICR stands for

- A. Magnetic Ink Character Recognition
- B. Magnetic Ink Company Recognition
- C. Magnetic Ink Cross Recognition
- D. Magnetic Ink Community Recognition

ANSWER: A

**9. Banks which accept deposits from the public and lend them mainly to
commerce for short periods?**

- A. Commercial Bank
- B. Industrial Bank
- C. Agricultural Bank
- D. Central Bank

ANSWER: A

10. Fixed Deposits is otherwise called as

- A. Accrued Deposits
- B. Time deposits
- C. Recurring Deposits
- D. Demand Deposits

ANSWER: B

11. In the type of deposit, the high rate of interest is provided by the Bank?

- A. Current Account
- B. Recurring Deposit Account
- C. Fixed Deposit Account
- D. Savings Account

ANSWER: C

12. RBI was set up in the year _____

- A. 1934
- B. 1935
- C. 1936
- D. 1937

ANSWER: B

**13. Which type of account holder has the permission to overdraw the amount
from his/her account? A. Savings account**

- B. Current account
- C. Fixed deposit account
- D. Recurring deposit account

ANSWER: B

14. The services rendered by a banker as an agent of his customers are called

- A. Principal services
- B. Agency services
- C. General utility services
- D. Social services

ANSWER: B

15. Who is primarily liable on a promissory note?

- A. Holder
- B. Maker
- C. Drawee
- D. Endorser

ANSWER: B

16. How many parties are mainly involved in Promissory Note?

- A. One
- B. Five
- C. Two
- D. Three

ANSWER: C

17. Expand NEFT

- A. National Electronic Fund Transfer
- B. Neutral Electronic Fund Transfer
- C. Nominal Electronic Fund Transfer
- D. Natural Electronic Fund Transfer

ANSWER: A

18. What does the term "PIN" stands for?

- A. People Identification Number
- B. Personal Instruction Number
- C. Personal Identification Number
- D. Personal Information Number

ANSWER: C

19. KYC means A. Know Your Card

- B. Know Your Cost
- C. Know Your Customer
- D. Know Your Creditor

ANSWER: C

20. CRM stands for _____.

- A. Consumer Rate Mechanism
- B. Customer Relationship Management
- C. Convenience Relationship management
- D. Consumer Relationship Management

ANSWER: B