

TISHK INTERNATIONAL UNIVERSITY
DEPARTMENT OF FINANCE AND BANKING

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INTRODUCTION TO BANKING QUESTIONS BANK

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Questions

1. What differentiate banks from other financial institutions? Explain
2. Banks nowadays are diversified financial service institution. Explain with example.
3. Discuss the differences between standing order and direct debit
4. Discuss the differences between credit card and pre-paid credit card
5. Discuss the differences between debit card and delayed debit card
6. Discuss the differences between charge cards and credit cards.
7. List and explain the three types of accounts
8. What is the different between secured loan and unsecured loan?
9. Define sustainable and ethical banking
10. Differentiate between traditional banking and modern banking
11. Explain what is meant by sustainable and ethical banking
12. What is a payment service system?
13. List and explain three (3) electronic payments system.
14. Discuss the differences between Delegated Monitoring Theory and Information production theory of financial intermediary
15. What is Economies of scope?
16. With at least three (3) examples briefly differentiate between deposit taking financial institutions (DTI) and Non Deposit Taking Financial Institutions (NDTI)
17. What is Economies of scale?
18. Explain Delegated Monitoring Theory and
19. Explain Information production theory of financial intermediary
20. Elucidate on Liquidity Transformation Theory
21. Elucidate on Consumption Smoothing Theory
22. Differentiate between Liquidity Transformation Theory and Consumption Smoothing Theory
23. Explain Public pension
24. Explain private pension
25. List the benefit of financial intermediary to the society

Multiple Choice Questions

26. When a borrower could not meet the repayment obligations of a loan, the loan is said to be-----
a) Loan refund b) Loan at default c) Loan at the Banking d) Time Loan
27. The lender of funds holds the borrower's financial claim and is said to hold a *financial asset*, at the same time, the issuer of the claim (borrower) is said to have a --

a) Financial money b) Financial liability c) Financial institution d) Financial profit
28. When banks transform funds lent to them for a short period of time into medium- and long-term loans, we said that; banks perform its role of
a) Size transformation b) Bank transformation c) Maturity transformation.
29. When a bank sale both mortgages and life insurance policies that go with them, therefore creating cross-selling opportunities for the bank, we said that the bank is practising -----
a) Economics of scope b) Economics of scale c) Economics of banking
30. Banks borrow money from unit in surplus and lend it to-----
a) Unit in the bank b) unit in the market c) Unit in surplus d) Rich people
31. ----- is the costs of searching for a counterparty to a financial transaction.
a) Loan cost b) maturity cost c) information d) Transaction cost
32. ----- arises because one party has better information than the counterparty.
a) More money b) Interest c) Information asymmetry d) Bank loan
33. When banks collect funds from savers in the form of small size deposits and repackage them into larger-size loans we said that, banks perform its role of -----
a) Loan managers b) Assets Managers c) Size transformation d) Banking
34. The pension services offered via banks are known as
a) Mutual funds b) Hedging c) Private pension d) Public pension
35. The following are Non-Deposit Financial Institutions (NDFI) except -----
a) Bank b) Insurance company c) Pension Fund d) Factoring Firms
36. ----- is a group of company that have many subsidiaries under it
a) Bank b) Insurance company c) Holding company d) Investment company

37. Financial claim is a claim to the payment of a future sum of money and/or a periodic payment of money, this is also known as -----
a) Bond b) Collateral Asset c) Surplus Unit d) Deficit Unit
38. ----- is the ability of a company to have enough cash or assets that can be easily converted into cash without much loss of value.
a) Information asymmetry b) Collateral Asset c) Liquidity d) Insurance
39. The flow of income deposit taking financial institution is -----
a) Discretionary Flow of Fund b) Contractual Flow of Fund c) Pension Fund
40. ----- is a financial institution license to collect deposit, give loan and manage assets.
a) Insurance b) Bond c) Bank d) Finance