Unit 7 - Week 5

Assignment 5

The due date for submitting this assignment has passed.
As per our records you have not submitted this assignment.

Due on 2020-03-04, 23:59 IST.

1) According to the Basel accords, ____________ risk is defined as the loss resulting from inadequate or failed internal processes, people and systems or from external events *1 point*

a. Operational
b. Interest rate
c. Credit
d. Liquidity

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
a

2) Who insured banks in India? *1 point*

a. SEBI
b. IRDA
c. DICGC
d. ECGC

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
c

3) Which of the following statement(s) is/are true: *1 point*

Statement I: Basel II introduced a non-risk based leverage ratio

Statement II: Basel III introduced two liquidity ratios – the Liquidity Coverage Ratio and the Net Stable Funding Ratio

a. Only I
b. Only II
c. Both I and II
d. Neither I nor II

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

4) Banks are said to create money through the money multiplier. The ratio of new deposits to the original increase in reserves is called the money multi-plier or credit multiplier or deposit multiplier. This multiplier will be equal to the reciprocal of: *1 point*

a. Printing of Money
b. CRR
c. SLR
d. Bank Rate

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

5) Which of the following statements are not true about commercial banks? *1 point*

a. Their objective is to make profits
b. They manage exchange rates
c. Banks invest in the capital market
d. They provide personalized financial and banking services to high net worth individuals

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

6) Which among the following is/are a liability for the commercial bank? *1 point*

a. Share capital
b. Bank credit
c. Fixed asset
d. Investments in government and other approved securities

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
a

7) The Going Concern Approach looks mainly to the assets of the borrower as security for a loan. It implies a short-term rather than a long-term view of the borrowers' prospects and usually involves taking a charge of his assets *1 point*

a. True
b. False

a
b

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

8) The Liquidation Approach lays greater emphasis on the borrower's ability to repay the loan out of future cash flow rather than his ability to offer some tangible assets as security for the loan *1 point*

a. True
b. False

a
b

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

9) Which of the following is not true about Call deposits? *1 point*

a. It is a sub-category of demand deposit
b. They are time deposits
c. They are accepted from fellow bankers
d. They are repayable on demand

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

10) Calculate the ROA (%) from the following data: *1 point*

Performance measures for Bank XXX

(i)	Total Assets	2,259,063
(ii)	Total Income	191,843
(iii)	Operating Expenses	41782
(iv)	Total Expenses	181,893
(v)	Operating Profit	43,258
(vi)	Net Profit	9,950

a. 1.915
b. 5.186
c. 0.440
d. 0.085

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
c

11) Decomposition of ROE into its component parts is known as DuPont Analysis. DuPont Analysis specifies: *1 point*

a. Net Income/Net Equity Capital = ROA/leverage
b. ROE = Leverage *(Total Asset/ Total Equity Capital)
c. Net Income/ Total Equity Capital = Leverage* (Total Revenue/Total Equity)
d. Net Income/ Total Equity Capital = (Net income/ Total Asset)* Leverage

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
d

12) With respect to NPA, an asset is required to be classified as ______________, if it has remained NPA for more than 12 months *1 point*

a. Standard
b. Sub-standard
c. Doubtful
d. Loss

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
c

13) ___________risk is the inability to meet the bank's liabilities as they become due. *1 point*

a. Interest rate
b. Credit
c. Liquidity
d. Operational

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
c

14) Minimum capital Requirements, Supervisory Review Process and Market Discipline constitute the three pillars of: *1 point*

a. Basel I
b. Basel II
c. Basel III
d. Basel IV

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

15) The balance sheet shows all major revenues and expenditures, the net profit or loss for the period, amount of dividends declared and it measures the bank's financial performance over a period of time such as a quarter or year. *1 point*

a. True
b. False

a
b

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

16) Which of the following statement(s) is/are true: *1 point*

a. An increase is bank credit increases bank deposits
b. Increase in Deficit financing increases bank deposits
c. Increase in national income increases bank deposits
d. All of the above

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
d

17) Which of the following is/are not an asset of commercial bank? *1 point*

a. Bank credit
b. Bank share capital
c. Balances with the central bank
d. Balances with the other banks

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

18) The IRB approach is used to measure: *1 point*

a. Liquidity risk
b. Market risk
c. Credit risk
d. Operational risk

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
c

19) Value at Risk is a measure of: *1 point*

a. Credit risk
b. Market risk
c. Operational risk
d. Liquidity risk

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
b

20) Basic Indicator Approach is a measure of: *1 point*

a. Credit risk
b. Market risk
c. Operational risk
d. Liquidity risk

a
b
c
d

No, the answer is incorrect.
Score: 0
Accepted Answers:
c