

Unit 3 - Week 1

Course outline

How does an NPTEL online course work?

Week 0

Week 1

- Lecture 01: Importance and Forms of Commercial Banks
- Lecture 02: Functions, Goals and Constraints of Commercial Banks
- Lecture 03 : Regulation of Commercial Banks
- Lecture 04 : Financial Statements of Commercial Banks-I
- Lecture 05 : Financial Statements of Commercial Banks-II
- Lecture Material
- Quiz : Assignment 1**
- Feedback Form

Week 2

Week 3

Week 4

Week 5

Week 6

Week 7

Week 8

Week 9

Week 10

Week 11

Week 12

details Solution

DOWNLOAD VIDEOS

Live Interactive Session

Text Transcripts

Assignment 1

The due date for submitting this assignment has passed. **Due on 2020-02-12, 23:59 IST.**
As per our records you have not submitted this assignment.

1) Which of the following is/are not true regarding bank based economy? 1 point

- a) Bank based economy (BBE) is good at dealing with diversifiable risk
- b) BBE is good in dealing with non-diversifiable risk
- c) BBE is better in inter-temporal risk sharing
- d) All of the above

- a
- b
- c
- d

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

2) State whether the following statement is true or false. 1 point

“Banks are involved in transfer of funds from savers to borrowers”

- a. True
- b. False

- a
- b

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

3) _____ underwrites issues of new securities by their corporate customers 1 point

- a. Commercial bank
- b. Community bank
- c. Investment bank
- d. Mortgage bank

- a
- b
- c
- d

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

4) Which of the following is not a bank based economy? 1 point

- a. India
- b. Japan
- c. USA
- d. Germany

- a
- b
- c
- d

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

5) Which of the following statement(s) is/are true about Finance Companies? 1 point

- Statement I:** They offer loans to individuals and businesses
- Statement II:** They do not receive cash deposits from clients, nor does it provide services such as checking accounts
- a. Only I
 - b. Only II
 - c. Neither I nor II
 - d. Both I and II

- a
- b
- c
- d

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

6) Banks lend long and fund short. This act of banking is popularly known as: 1 point

- a. Convenience of Denomination
- b. Quality Transformation
- c. Quantity Transformation
- d. Maturity Transformation

- a
- b
- c
- d

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

7) State whether the following statement is true or false. 1 point

“The U.S. dollar is an example of fiat money”

- a. True
- b. False

- a
- b

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

8) _____ is the risk of losses due to borrowers' default or deterioration of credit standing. 1 point

- a. Liquidity Risk
- b. Credit Risk
- c. Interest rate Risk
- d. Market Risk

- a
- b
- c
- d

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

9) State whether the following statement is true or false. 1 point

“An increase in banks liquidity increases banks profitability”

- a. True
- b. False

- a
- b

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

10) The risk of direct or indirect loss resulting from inadequate or failed internal processes, people, systems and external events is known as: 1 point

- a. Liquidity risk
- b. Operational Risk
- c. Market Risk
- d. Interest rate Risk

- a
- b
- c
- d

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

11) A situation where people behave more recklessly after getting an insurance is known as: 1 point

- a. Adverse selection
- b. Fraud
- c. Asymmetric information
- d. Moral hazard

- a
- b
- c
- d

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

12) State whether the following statement is true or false. 1 point

“The “too big to fail” issue is a potential source of moral hazard”

- a. True
- b. False

- a
- b

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

13) Which of the following is/are reason(s) to regulate banks? 1 point

- a. To promote an efficient and effective banking system that finances economic growth
- b. To guard against deposit insurance losses
- c. To avoid systematic risk and contagious effect in global economy
- d. All of the above

- a
- b
- c
- d

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

14) State whether the following statement is true or false. 1 point

“Bank run occurs when large creditors such as banks withdraw their funds in order to protect them”

- a. True
- b. False

- a
- b

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

15) “The going concern approach considers the assets of the borrower as security for a loan. I implies a short-term rather than a long term view of the borrower's prospects” 1 point

- a. True
- b. False

- a
- b

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

16) “Trading account assets are a collection of securities held to provide long term profits” 1 point

- a. True
- b. False

- a
- b

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

17) Which of the following is/are bank assets: 1 point

- a. Loans held for sale
- b. Loans not held for sale
- c. Loan and lease loss allowance
- d. All of the above

- a
- b
- c
- d

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

18) Which of the following is/are true about call deposits? 1 point

- a. They are accepted from fellow bankers
- b. They are repayable on demand
- c. These deposits carry an interest charge
- d. All of the above

- a
- b
- c
- d

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

19) State whether the following statement is true or false. 1 point

Larger banks make more use of money market instruments for asset liability management.

- a. True
- b. False

- a
- b

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

20) Which of the following is/are not true about preferred shares: 1 point

- a. It is generally considered a hybrid instrument
- b. It is senior (i.e., higher ranking) to common stock
- c. It has tax advantage
- d. It gives its holder fixed annual dividend before common shareholders

- a
- b
- c
- d

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