

TUTORIAL KIT
OMEGA SEMESTER

**PROGRAMME: BANKING AND
FINANCE**

COURSE: BFN 121

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BFN 121:

1. Which types of account are kept by Deposit Money Banks? (a) Current Account (a) Savings account (c) Time or Fixed deposit account (d) All of the above
2. Account holders are usually issued with a chequebook? (a) Current Account (b) Savings account (c) Time or Fixed deposit account (d) Short term deposit account
3. The bank on which a cheque is drawable is called? (a) Drawee (b) Drawer (c) Payee (d) None of the above
4. All but one of the following are types of crossed cheques? (a) General (b) Non payable (c) Special (d) Account Payee Only
5. All but one of the following are Discount Houses in Nigeria? (a) Express Discount Limited (b) First Security Discount House (c) Association of Discount house Limited (d) Consolidated Discount Limited
6. All but one is true about a Cheque? (a) It must be unconditional order to a banker to pay (b) It must be in writing (c) It must be addressed to a customer. (d) It must be drawn for a sum certain in money
7. A cheque must contain all but one of the following? (a) The amount to be paid. (b) The address of the drawer. (c) The name and address of the drawee. (d) The date, written in the order of day, month and year
8. Which of the following is a source of bank fund? (a) Salaries and wages (b) Repayment of deposit on demand (c) Settlement of expenses (d) Deposit fund
9. Which of the following is a use of bank fund? (a) Investment income (b) Rental income (c) Deposit fund (d) Salaries and wages
10. The following are functions of Deposit Money Banks in the economy except? (a) Acceptance of Cheques and drafts (b) Encourage savings (c) They issue currency (d) favourable lending conditions to the low income group
11. All but one of the following are examples Unit Trust in Nigeria? (a) Madera Unit Trust (b) The Discovery Fund (c) Continental Unit Trust (d) Icon Unit Trust
12. Cheques could be used to pay which of the followings? (a) School fees (b) Subscriptions (c) Insurance premiums (d) All of the above.
13. The method of overseas transaction that an exporter customer sends the documents of title to goods shipped direct to the importer abroad is called? (a) Open account (c) Documentary credit (c) Telegraphic transfer (d) None of the above
14. When the bank pays the exporter the face value of the bill less a margin for commission and interest charges it's called? (a) Bills and surfacing (b) Bills and negotiation (c) Bills and interest (d) None of the above
15. Deposit Money Banks accept all but one of the following Instruments? (a) cheques (b) drafts, (c) titles (d) promissory notes
16. Who initiates the process in the direct debit form of payment? (a) Beneficiary (b) Debtor (c) Bank (d) Owner
17. Which is the safest form of international payment method? (a) Open account (b) Documentary credit (c) Bills for collection (d) None of the above

18. An instruction given by a customer to effect regular payments at intervals to a third party is called? (a) Standing order (b) Direct debit (c) Money transfer (d) Local transfer
19. The first banking ordinance in Nigeria came in? (a) 1932 (b) 1942 (c) 1952 (d) 1962
20. One of the following is not a likely problem of Insurance Companies? (a) Low efficiency (b) Under capitalization (c) Technical expertise (d) High overhead expenses
21. The Sources and Uses of Funds can also be called? (a) Profit & Loss Account (b) Fund Flow Statement (c) Balance Sheet (d) None of the above
22. The most liquid of all assets is? (a) Bank Balance (b) Treasury Bills (c) Investment (d) Cash
23. The Second banking ordinance in Nigeria came in? (a) 1942 (b) 1952 (c) 1958 (d) 1968
24. It is only a holders who can enjoy the full range of services in banks?
(a) Fixed Deposit Account (b) Current Account (c) Savings Account (d) None of the above
25. Withdrawals cannot be made fromaccount until maturity
(a) Fixed Deposit (b) Savings (c) Current (d) Short Term Deposit
26. are more suitable for agricultural projects, industries, real estate and other fairly long-term ventures which have long gestation periods? (a) Overdrafts (b) Loans (c) Advances (d) Bills Discounting
27. The service that helps to determine the financial standing and credit-worthiness of the third party with whom the bank customer intends to enter into business contract with is called? (a) Business advisory services (b) Status opinion enquiry (c) Cheque cashing facility (d) Bills discounting
28. The procedure of raising large sums of money for reputable corporate customers in order to execute large projects which one single bank cannot conveniently finance is called? (a) Loan syndication (b) Hire purchase (c) Leasing (d) Guarantee
29. The device by which banks renders cheque cashing services to their customers after banking hours is called? (a) Status opinion (b) Automatic teller machine (c) Pointing purchase (d) Cheque cashing facility
30. Nigeria borrowed her banking structure from? (a) America (b) Britain (c) South Africa (d) Asia
31. The success or failure of a bank depends, among other things on its ability to -----
-----and make reasonable margins from them. (a) turn customers down (b) grant credit facilities (c) successfully debit their account (d) manipulate their request.
32. For any lending decision and activity to be worth the effect, there must be enough assurance that it will lead to the bank's business ----- (a) Growth (b) lending (c) survival (d) failure.
33. No lending is attractive if the -----is less than the average cost of borrowed fund (a) deficit (b) expected income (c) expected expenses (d) profit and loss
34. A bank 's lending policy is designed in line with the ----- of each bank such as sectorial performance, deposit base as well as guidelines issued periodically by the apex bank for control/ regulatory purposes.(a) internal constraints (b) External constraints (c) Government policies (d) Banking rules and guidelines

35. ----- are meant for the purpose of purchasing real property or improving the quality of an existing one such as homes, farmland commercial structure etc.(a)construction loans (b) real estate loans (c) Agricultural loans (d) General loans.
36. ----- loans are extended to farm and ranch operations to assist in planting and harvesting crops and to support the feeding and care of livestock.(a) Miscellaneous loan (b) Agricultural loan (c) real estate loan (d) Construction loan
37. The loan portfolio of any bank is heavily influenced by ----- because the quality of a bank's loan portfolio has more to do with risk and safety than any other aspect of the banking business.(a) instructions (b) Regulations (c) limitations (d) customers.
38. According to BOFIA 1991 as amended, a bank may not exceed an amount equivalent to -----percent of its shareholder's funds unimpaired by losses in respect of the total value of advances, loans credit facility, financial guarantee etc (a) 20 (b) 50 (c) 10 (d) 40.
39. In assessing credit, bankers use a mixture of experience, technical knowledge and ---- in reaching their conclusion on whether or not to lend. (a) Common sense (b) revelations (c) dreams (d) attitude.
40. The purpose for which a loan is required will determine among other things the ----- involved, the bank has to assure itself that the purpose is achievable. (a) risk (b) opportunities (c) customer (d) decision
41. The customer must contribute a proportion of the amount required from the bank.(a) strongly agreed (b) I don't know (c) Not really (d) not compulsory
42. **Is the borrower creditworthy?** This usually involves a detailed study of six aspects of the loan application Character, Capacity, -----, Collateral, Conditions and Control.(a) Control (b) Cash (c) Common sense (d) company
43. ----- is saddled with the responsibility of overseeing and supervising the primary mortgage institution though regulation is with the central bank of Nigeria.(a) PMI's (b) FMBN (c) CBN (d) FMF
44. MFB oversee effective take-off and running of ----- in Nigeria (a) Community bank (b) Deposit money banks (c) insurance banks (d) mortgage bank.
45. ----- seek funds which they deploy to housing finance sector where such loans are made to applicants who want to build, but or rehabilitate a house.(a) MFBs (b) PMIs (c) CBN (d) FMBN.
46. An institution whose business of finance includes hire purchase and leasing business among other areas is ----- (a) CBN (b) Discount houses (c) Finance Houses (d) Mortgage houses.
47. The basic difference between leasing and hire purchase is that, in leasing there can be no option to purchase at the end of the rental period whereas this is the objective in the case of hire purchase.(a) Not too correct (b) Very correct (c) partially incorrect (d) Undecided.

48. All except one , is considered as a non bank financial institutions (a) MFBs (b) Discount houses (c) Finance houses (d) none of the options.
49. ----- have the power to **hire and fire** staff members up to a certain level.(a) Staff (b) Operational staff (c) CBN (d) Management.
50. The management of the bank is members of the staff of the bank from the position of - ----- to the managing director (a) Staff (b) senior staff (c) Registrar (d) General Manager.
51. The three major segments of the banks accounting system that calls for attention include all the following except.....? (a) Trading, profit and loss Account (b) Funds flow account (sources and uses and of funds) (c) Balance Sheet account (d) Deposit account.
52. The following are items on the asset side of the balance sheet except.....? (a) Investment (b) Loans and advances (c) Deposit account (d) Equipment on lease.
53. Items on the liability side of the balance sheet include the following except.....? (a) Fixed Asset (b) Debenture Stocks (c) Taxation (d) Capital and reserves
54. Short term funds include the following except.....? (a) balances held with the CBN (b) Balances held with banks (c) balances held with other financial institutions (d) all of the above.
55. Fixed assets include all the following except.....? (a) Land and Buildings (b) treasury certificates (c) machinery (d) motor vehicles
56. The major source of income for a bank is.....? (a) Leasing (b) hire purchase (c) Loans and overdraft (d) sales of fixed assets.
57. An instruction given by a customer to his bank to effect regular payments at weekly, monthly or quarterly intervals to a third party from the customer's account is called.....? (a) Standing order (b) Mail and Telegraphic transfers (c) Banks draft (d) Banks Cheque.
58. The following are types of account kept by commercial banks except.....? (a) Current Account (b) Savings Account (c) Wide Margin Account (d) Short-Term Deposit Account.
59. There are three parties to a cheque and they are.....? (a) Drawer, Drawee, Payer (b) Drawer, Drawee, Payee (c) Drawer, Drawee, Pay (d) Drawer, Draw, Payee.
60. The Bank on which a cheque is drawn is known as.....? (a) Drawee (b) Drawer (c) Payee (d) Payer.
61. The expression "a sum certain in money" as a main essential part of cheque means that? (a) The cheque must be drawn for money (b) The cheque must be drawn for non-money (c) The cheque must be made of money (d) none of the above.
62. The following are types of cheque crossings except.....? (a) General (b) Account Payee only (c) limited (d) Special.
63. A cheque drawn by a drawer to a payee must be written in pen and must contain one of the following? (a) The date, written in the order of day, month, and year (b) No signature (c) Drawee Account number (d) Address of the fourth party to the cheque.
64. Banks use their funds for all of the following except.....? (a) Fraudulent Activities (b) Repayment of deposit on demand (c) Payment of interest (d) All of the above.
65. "Account Payee Only" written across the face of the cheque means.....? (a) To ensure the cheque is good (b) To ensure that the cheque be paid into the account of the owner of the cheque (c) To ensure that the cheque can only be paid into the account of the person to whom it is made out (d) None of the above.

66. The following are functions of commercial banks except.....? (a) They accept deposits from their customers (b) They safeguard customers important items (c) they ensure safe and sound election of political holders (d) They assume the responsibility of the duties of attorney, executor or trustee.
67. Financial intermediation involves.....? (a) Banks collecting funds from surplus savers to deficit investors (b) Banks collecting funds from the surplus savers to the surplus investors (c) Banks collecting funds from the deficit savers to the deficit investors (d) Banks collecting funds from deficit savers to surplus investors.
68. Bank's services to travelers include all of the following except...? (a) Provision of foreign currency (b) Travelers' cheques provision (c) Collating Customer's Documents in respect of foreign exchange procurement at bidding at Central Bank (d) Non-Foreign exchange account.
69. All of the following are advantages of the Automated Teller Machine (ATM) except...? (a) decongesting bank halls (b) it can easily be stolen (c) customers can spend quality time to pursue their own business (d) Customers can cash cheques at any convenient time.
70. Features of a current account include the following except.....? (a) Balances on the account are repayable on demand (b) no transaction cost (c) Enjoy overdraft facilities (d) Use of cheque book.
71. A Cheque drawn by a branch of the same bank on another branch or Head Office of the same bank.....? (a) Cheque (b) Personal Cheque (c) Bank Draft (d) certified cheque.
72. The success or failure of a bank depends, among other things on its ability to and make reasonable margins from them. (a) Engage in marketing services (b) grant recoverable credit facilities (c) engage in bill discounting (d) Appraise Project.
73. In assessing credit, bankers use a mixture of, technical knowledge and common sense in reaching their conclusion on whether or not to lend (a) Experience (b) Bank's name and Logo (c) Goodwill (d) Bakers ability.
74. A bank's is designed in line with the internal constraints of each bank such as sectorial performance, deposit base as well as guidelines issued periodically by the apex bank for control/regulatory purposes (a) lending policy (b) lending principles (c) Lending consideration (d) lending ability.
75. Lending Principles can become useless if the borrower, right from the start, has a primary intention of, whether he succeeds or fails in his business endeavour (a) not repaying the lender (b) not being sincere (c) not tolerating the lender (d) not working hard.
76. Factoring of Debts involve.....? (A) purchase of book debts (B) sale of book debt (C) opening of book debt (D) closing of book debt
Answer = B
77. All of the following are advantages of the Automated Teller Machine (ATM) except.....? (A) decongesting banking halls (B) it can easily be stolen (C) customers can spend quality time to pursue their own businesses (D) Customers can cash cheques at any convenient time
Answer = B
78. Features of a current account are the following except.....? (A) balances on the

account are repayable on demand (B) no transaction cost (C) Enjoy overdraft facilities (D) use of cheque book

Answer = B

79.

The following are types of account kept by commercial banks except.....? (A) Current Account (B) Savings account (C) wide margin account (D) Short-term deposit account

Answer = C

80.

There are three parties to a cheque and they are.....? (A) Drawer, drawee, payer (B) Drawer drawee, payee (C) Drawer, drawee, pay (D) Drawer Draw, payee

Answer = B

81.

The bank on which a cheque is drawn is referred to as.....? (A) Drawee (B) Drawer (C) Payee (D) Payer

Answer = A

82.

A cheque drawn by a drawer to a payee must be written in pen and must contain one of the following? (A) The date, written in the order of day, month and year (B) No signature (C) Drawee account number (D) Address of fourth party to the cheque

Answer = A

83.

Non-deposit sources of funds for commercial banks include the following except.....? (A) Investment income (B) Retain Earnings (C) Sale of Asset (D) Deposit from short-term investor

Answer = D

The following are functions of commercial banks except.....? (A) They accept deposits from their customers (B) they safeguard customers important item (C) they ensure safe and sound election of political holders (D) they assume the responsibility of the duties of attorney, executor or trustee

Answer = C

84.

10. Financial intermediation involves.....? (A) Banks collecting funds from the surplus savers to the deficit investors (B) Banks collecting funds from the surplus savers to the surplus investors (C) Banks collecting funds from the deficit savers to the deficit investors (D) Banks collecting funds from the deficit savers to the surplus investors

Answer = A

85.

Bank's services to travelers include all of the following except.....? (A) Provision of Foreign Currency (B) Travelers' Cheques Provision (C) Collating Customer's Documents in Respect of Foreign Exchange Procurement at IFEM Daily Bidding at Central Bank (D) Non-foreign exchange account

Answer = D

86.

The expression "a sum certain in money" as a main essential part of a cheque means that? (A) The cheque must be drawn for money (B) The cheque must be drawn for non-money (C) The cheque book must be made of money (D) None of the above

Answer = A

87.

The following are types of cheque crossings except.....? (A) General (B) Account payee only (C) limited (D) Special

Answer = C

88. Banks use their funds for all of the following.....? (A) Loan Repayment (B) Repayment of deposit on demand (C) Payment of interest (D) All of the above

Answer = D

89. "Account Payee Only" written across the face of a cheque means.....? (A) To ensure that the cheque is good (B) To ensure that the cheque should be paid into the account of the owner of the cheque (C) To ensure that the cheque can only be paid into the account of person to whom it is made out (D) None of the above

Answer = C

90. The three major segments of the banks accounting system that calls for attention include all the following except.....? (A) Trading, Profit and Loss Account (B) Funds flow account (Sources and Uses of funds) (C) Balance sheet account (D) Deposit account

Answer = D

91. The following are items on the asset side of the balance sheet except.....? (A) Investment (B) Loans and advances (C) Deposit account (D) Equipment on lease

Answer = C

92. Items on the liabilities side of the balance sheet are the following except.....? (A) Fixed Asset (B) Debenture Stocks (C) Taxation (D) Capital and Reserves

Answer = A

93. Examples of reserves held by banks include all of the following except.....? (A) Bonus Share Reserve (B) Capital Reserve (C) General Reserve (D) Legal reserve

Answer = D

94. The major source of income for banks is.....? (A) Leasing (B) Hire purchase (C) Loans and overdraft (D) sales of fixed asset

Answer = C

95. A cheque drawn by a branch of the same bank on another branch or Head Office of the same bank.....? (A) Cheque (B) Personal cheque (C) Bank draft (D) certified cheque

Answer = C

96. A form of international payment whereby a letter is written instructing the bank to transfer funds from a savings account to a current account to enable a cheque already issued on the current account to be paid is called.....? (A) Open account (B) Direct Debit (C) Bankers' payment (D) Intra-bank transfer payment

Answer = D

97. Examples of International/overseas methods of payment Include.....? (A) Documentary credit (B) negotiation of bill of exchange (C) Bankers payment (D) Open account payment

Answer = C

98. The method of payment for overseas exports that is the surest and most advised to bank customers by banks is called.....? (A) Documentary Credit (B) Bill for collection (C) Bills and Negotiation (D) Open account

Answer = A

99. If an exporter customer is in need of funds and cannot wait for the sales proceeds of the goods exported to be remitted from the importer abroad, he may request his banker to take over

the bill through negotiation. This payment method is called.....? (A) Documentary Credit
(B) Bills and Negotiation (C) Bill for collection (D) Open account
Answer = B

Answers

1. D
2. -
3. A
4. -
5. C
6. -
7. B
8. -
9. D
10. -
11. A
12. -
13. A
14. -
15. C
16. -
17. B
18. -
19. C
20. -
21. B
22. -
23. C
24. -
25. A
26. -
27. B
28. -
29. B
30. -
31. B

- 32. –
- 33. B
- 34. –
- 35. B
- 36. B
- 37. B
- 38. –
- 39. A
- 40. –
- 41. B
- 42. –
- 43. B
- 44. –
- 45. B
- 46. –
- 47. B
- 48. –
- 49. D
- 50. –
- 51. D
- 52. C
- 53. A
- 54. D
- 55. B
- 56. C
- 57. A
- 58. C
- 59. B
- 60. A
- 61. A
- 62. C
- 63. A
- 64. A
- 65. C
- 66. C
- 67. A
- 68. D
- 69. B
- 70. B
- 71. A
- 72. B

73. A

74. A

75. A