

## Banking and IFRS 9 - Quiz 1

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Points:  
1/1

1. Which of the following best describes the role of a central bank?

- ☐ Offer custodial services
  - ☒ **Oversee and manage all other banks ✓**
  - ☐ Manage large pools of assets for investors
  - ☐ Provide loans to individuals and businesses
- 



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2. What type of bank focuses primarily on raising capital and acting as intermediaries between issuers and investors?

- ☐ Central banks
  - ☐ Community banks
  - ☐ Retail and commercial banks
  - ☒ **Investment banks ✓**
- 



Points:  
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3. Which of these is a primary source of income for traditional banks?

- ☐ Asset management fees
  - ☒ **Interest income from loans ✓**
  - ☐ Penalties and fines
  - ☐ Insurance commission
- 



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4. Which of the following is NOT a function of a retail or commercial bank?

- ☒ **Overseeing other banks ✓**
  - ☐ Offering deposit accounts
  - ☐ Providing loans and mortgages
  - ☐ Offering investment services
- 



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5. What is the main purpose of Tier 1 capital for a bank?

- ☐ To pay dividends to shareholders
  - ☒ **To serve as a buffer to absorb losses ✓**
  - ☐ To manage foreign exchange services
  - ☐ To cover market risks
- 



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6. Which type of bank primarily assists with development projects and supports economic growth?

- ☐ Investment bank
  - ☒ **Development bank ✓**
  - ☐ Community bank
  - ☐ Reserve bank
- 



Points:  
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7. Which of the following income types is derived from proprietary trading and advisory fees?

- ☐ Commission-based income
  - ☐ Fee-based income
  - ☒ **Trading and investment income ✓**
  - ☐ Interest income
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8. What is the purpose of Tier 2 capital for a bank?

- ☒ **To absorb losses during financial stress ✓**
- ☐ To support foreign exchange transactions
- ☐ To ensure compliance with government regulations
- ☐ To serve as primary capital for financial stability



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9. Which type of income includes account fees, transaction fees, and investment management fees?

- ☐ Interest income
- ☐ Trading and investment income
- ☐ Commission-based income
- ☒ **Fee-based income ✓**



Points:  
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10. What does the capital adequacy ratio (CAR) measure for a bank?

- ☐ The bank's profitability
- ☒ **The bank's total capital as a percentage of its risk ✓**
- ☐ The bank's annual revenue growth
- ☐ The bank's operational efficiency



Points:  
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11. Which type of capital is made up of subordinated debt and general loan-loss reserves?

- ☐ Tier 3 Capital
- ☐ Tier 1 Capital
- ☐ Regulatory Capital
- ☒ **Tier 2 Capital ✓**



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12. Which of the following is an example of non-financial risk for a bank?

- ☒ **Operational risk ✓**
- ☐ Credit risk
- ☐ Liquidity risk
- ☐ Market risk



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13. What type of income includes custodial services and asset management fees?

- ☐ Trading and investment income
- ☐ Commission-based income
- ☐ Interest income
- ☒ **Fee-based income ✓**



Points:  
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14. Which type of capital is required by regulations like Basel III to ensure financial stability and protect depositors?

- ☐ Market capital
- ☐ Total capital
- ☒ **Regulatory capital ✓**
- ☐ Economic capital



Points:  
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15. What role do development banks primarily play?

- ☒ **Supporting economic development projects ✓**
  - ☐ Managing foreign exchange reserves
  - ☐ Trading securities for clients
  - ☐ Offering deposit accounts and loans
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