

AGA KHAN UNIVERSITY EXAMINATION BOARD
HIGHER SECONDARY SCHOOL CERTIFICATE
CLASS XII
MODEL EXAMINATION PAPER 2023 AND ONWARDS
Banking Paper II

Time: 1 hour 50 minutes Marks: 35

INSTRUCTIONS

Please read the following instructions carefully.

1. Check your name and school information. Sign if it is accurate.

I agree that this is my name and school.
Candidate's Signature

RUBRIC

2. There are TEN questions. Answer ALL questions. Question 10 offers TWO choices. Attempt any ONE choice.
3. When answering the questions:

Read each question carefully.
Use a black pointer to write your answers. DO NOT write your answers in pencil.
Use a black pencil for diagrams. DO NOT use coloured pencils.
DO NOT use staples, paper clips, glue, correcting fluid or in erasers.
Complete your answer in the allocated space only. DO NOT write outside the answer box.
4. The marks for the questions are shown in brackets.
5. You may use a scientific calculator if you wish.

Q.1. (Total 3 Marks)

Explain any TWO merits and any ONE demerit of e-banking.

Q.2. (Total 3 Marks)

Bashir is a traditional businessman. He believes in keeping the cash with him instead of keeping it with a bank. His son Bakht, after completing his education has recently joined his family business.

He is trying to convince his father to keep the money in the bank account by explaining different advantages of opening a bank account.

Elaborate any THREE benefits of opening a bank account.

Q.3.

(Total 3 Marks)

Commercial banks accept deposits and advances loans to its customers. Besides their usual functions, these banks perform various functions for the economic development of a country.

Analyse any THREE functions performed by commercial banks in the development of a country.

Q.4.

(Total 4 Marks)

Explain any FOUR objectives of the monetary policy.

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Q.5.

(Total 3 Marks)

If a bank receives Rs 100,000 as deposit from different account holders in a day, and the cash reserve ratio set by the bank is 20%.

Calculate the amount of credit creation with the help of formula.

Q.6.

(Total 3 Marks)

Baber is an accountant in a small company. He is responsible for making payments to the suppliers and preparing books of accounts. He issued a crossed cheque of Rs 23,000 to Rashid, a supplier.

What are the THREE benefits that Baber will have by issuing a crossed cheque to Rashid?

Q.7.

(Total 3 Marks)

Explain any THREE C's of credit management.

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The balance of payments is the record of all international financial transactions made by a country's residents. A country's balance of payments tells you whether it saves enough to pay for its imports. It also reveals whether the country produces enough economic output to pay for its growth. The balance of payments (BoP) is reported for a quarter or a year.

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Complete the given table by describing any ONE function performed by each financial institution.

Financial Institution	Function
Industrial Development Bank of Pakistan (IDBP)	
Investment Corporation of Pakistan (ICP)	
National Investment Trust (NIT)	

Q.10.

(Total 7 Marks)

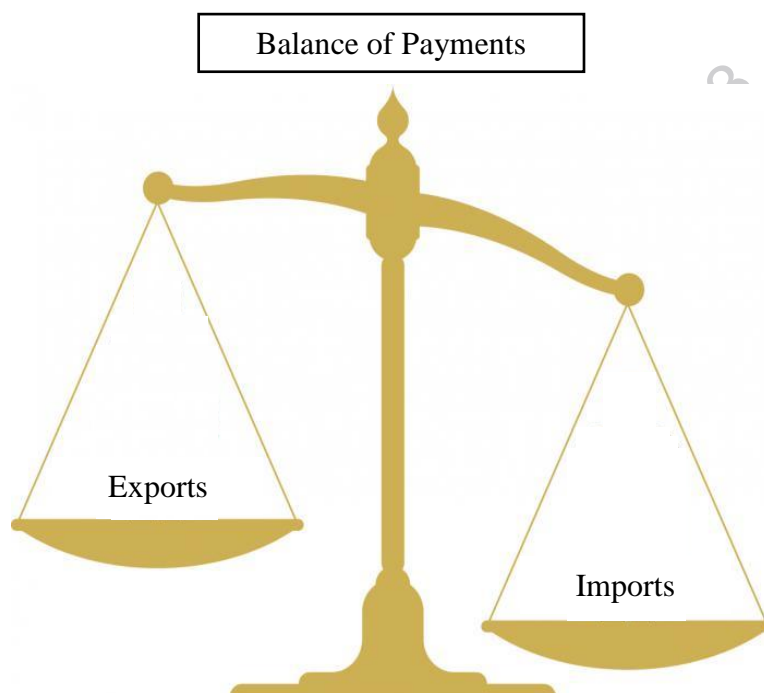
EITHER

- a. A cheque is said to be dishonoured when the bank refuses to pay the amount to the payee. The bank gives reason for returning the cheque to the payee through a cheque return memo which specifies the reason.

Suppose you receive such a cheque from the bank. Discuss **SEVEN** possible reasons for returning the cheque (**EXCEPT** for the Non-Sufficient Fund (NSF) in the account).

OR

b.



The given picture shows the status of balance of payments (BoP) of a country X.

- i. Identify the status of the country as either surplus OR deficit of balance of payments (BoP). (1 Mark)
- ii. Suggest any **THREE** measures that the government of the country X, should adopt to overcome this issue. (6 Marks)

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END OF PAPER

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