

AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XII

Banking Paper II

Time: 2 hours 20 minutes Marks: 50

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 ELEVEN questions. Answer ALL questions. Questions 10 and 11 each offer TWO choices. Attempt any ONE choice from each.
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 5 Marks)

Explain any THREE merits and any TWO demerits of e-banking.

Q.2. (Total 4 Marks)

Based on the given criteria, differentiate between schedule and non-schedule banks. Attempt any FOUR.

Basis of Comparison	Scheduled Bank	Non-Scheduled Bank
Meaning		
Cash Reserve Ratio		
Borrowing		
Returns		
Members of clearing house		

Q.3.

(Total 5 Marks)

Mr Amir deposited Rs 20,000 into his saving account. The bank maintains 10% of the amount as cash reserve.

Elaborate with the help of formula, the process of credit creation with reference to the initial deposit in the economy.

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Q.4.

(Total 5 Marks)

Explain any FIVE objectives of the monetary policy.

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Q.5.

(Total 4 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 Mr Rashid, a supplier.

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

Q.6.

(Total 5 Marks)

Explain any FIVE C's of credit management.

Q.7.

(Total 4 Marks)

The balance of payment 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 payment (BoP) is reported for a quarter or a year.

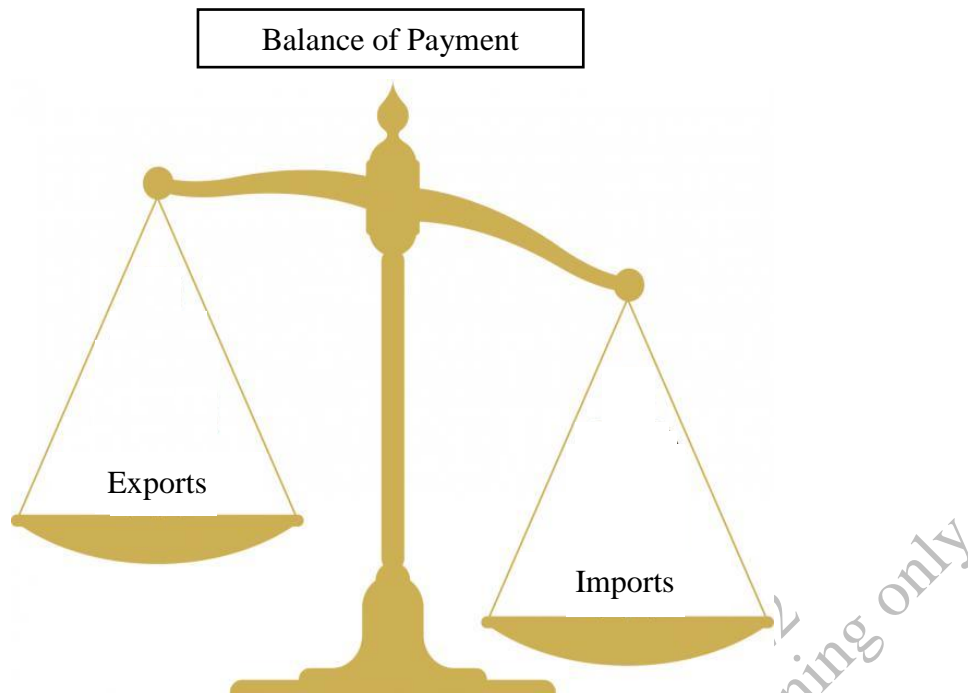
With reference to the given description, explain any TWO features of any TWO components of balance of payment.

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Q.8.

(Total 4 Marks)



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

- i. Identify the status of the country as either surplus OR deficit of balance of payment (BoP). (1 Mark)

- ii. Suggest any THREE measures that the government of the country X, should adopt to overcome this issue. (3 Marks)

Q.9.

(Total 4 Marks)

Complete the given table by mentioning TWO differences between *Mudaraba* and *Musharaka*.

<i>Mudaraba</i>	<i>Musharaka</i>

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EITHER

- Suggest which important documents and procedures she should mention in this SOP.

b. Explain any THREE reasons that can lead an account holder to close his account.

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Q.11.

(Total 5 Marks)

EITHER

- a. A cheque is said to be dishonoured when 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.

Discuss any FIVE possible reasons for returning the cheque (EXCEPT for the Non-Sufficient Fund (NSF) in the account). (5 Marks)

OR

- b. Adam Insurance Limited is a renowned insurance company with more than 15,000 customers. The company does not accept cheques from the customers for the payment of premium.

- i. Discuss any **THREE** reasons for not accepting cheques from customers. (3 Marks)
- ii. Mention any **TWO** other modes of payment in the given case. (2 Marks)

O other modes of payment in the given case.

END OF PAPER

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