



Faculty of Commerce, Benha University

Economics of Money & Banking

Level 2

Course Code:

Economics E216

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Tutorial 7

- 1) Which of the following statements is true?
 - A) A bank's assets are its sources of funds.
 - B) A bank's liabilities are its uses of funds.
 - C) A bank's balance sheet shows that total assets equal total liabilities plus equity capital.
 - D) All of the above are true.
- 2) Which of the following statements is true?
 - A) A bank's assets are its uses of funds.
 - B) A bank's assets are its sources of funds.
 - C) A bank's liabilities are its uses of funds.
 - D) Only B and C of the above are true.
- 3) Which of the following statements is false?
 - A) A bank's assets are its uses of funds.
 - B) A bank issues liabilities to acquire funds.
 - C) A bank's assets provide the bank with income.
 - D) Bank capital is an asset on the bank balance sheet.
- 4)) A bank's balance sheet
 - A) shows that total assets equal total liabilities plus equity capital.
 - B) lists sources and uses of bank funds.
 - C) indicates whether or not the bank is profitable.
 - D) does all of the above.
 - E) does only A and B of the above.
- 5) Which of the following are transaction deposits?
 - A) Savings accounts
 - B) Small-denomination time deposits
 - C) Negotiable order of withdraw accounts
 - D) Certificates of deposit
- 6) Banks acquire the funds that they use to purchase income-earning assets from such sources as
 - A) cash items in the process of collection
 - B) savings accounts.
 - C) reserves.
 - D) deposits at other banks.



- 7) Bank loans from the Federal Reserve are called _____ and represent a _____ of funds.
- A) discount loans; use
 - B) discount loans; source
 - C) fed funds; use
 - D) fed funds; source
- 8) Bank capital is listed on the _____ side of the bank's balance sheet because it represents a _____ of funds.
- A) liability; use
 - B) liability; source
 - C) asset; use
 - D) asset; source
- 9) Bank capital is equal to _____ minus _____.
- (A) total assets; total liabilities
 - (B) total liabilities; total assets
 - (C) total assets; total reserves
 - (D) total liabilities; total borrowings
- 10) Which of the following bank assets is the most liquid?
- A) Consumer loans
 - B) Reserves
 - C) Cash items in process of collection
 - D) U.S. government securities
- 11) Bank's make their profits primarily by issuing _____.
- A) equity
 - B) negotiable CDs
 - C) loans
 - D) NOW accounts
- 12) The quantity of reserves demanded equals
- (A) required reserves plus discount loans.
 - (B) excess reserves plus discount loans.
 - (c) required reserves plus excess reserves.
 - (D) total reserves minus excess reserves.
- 13) Bank reserves can be categorized as
- A) vault cash and deposits at the Fed.
 - B) required reserves and excess reserves.
 - C) borrowed reserves and nonborrowed reserves.
 - D) all of the above.
- 14) The fraction of checkable deposits that banks are required by regulation to hold are
- A) excess reserves.
 - B) required reserves.
 - C) vault cash.
 - D) total reserves.
- 15) Through correspondent banking, large banks provide services to small banks, including
- A) loan guarantees.
 - B) issuing stock.
 - C) foreign exchange transactions.
 - D) debt reduction.