

NATIONAL BANK OF PAKISTAN

Field Officer – OG III (Legal Division)

PART B — SIMULATION BASED TEST

100 Solved Scenarios

✓ Correct answers highlighted GREEN | Scenario box shown in PURPLE | Read scenario carefully before answering

SIMULATION SET 1: Legal & Recovery Operations (Q1–Q25)

Q1. What is the first step in bank's legal recovery process against a defaulter?

Scenario: A borrower has not paid 6 instalments on a Rs. 2 million loan. The bank's legal team is preparing to act.

- A) File a criminal case immediately
- ✓ B) Issue a legal notice/demand letter to the borrower
- C) Sell the collateral immediately
- D) Report to police

Answer: (B) — Legal notice is always the first formal step.

Q2. Under which law can a bank file suit for recovery of loan in Pakistan?

Scenario: NBP wants to recover Rs. 5 million from a defaulter through court.

- A) Contract Act 1872
- ✓ B) Financial Institutions (Recovery of Finances) Ordinance 2001
- C) Transfer of Property Act
- D) CrPC

Answer: (B) — FIRO 2001 is the primary law for bank recovery suits.

Q3. What does 'mortgage' mean in banking context?

Scenario: A customer offered his property as security for a home loan.

- A) Renting property to bank
- B) Transferring ownership to bank
- ✓ C) Pledging property as security for a loan
- D) Selling property

Answer: (C)

Q4. If a customer's account is classified as 'Doubtful', it means:

Scenario: The loan review officer is classifying a loan account.

- A) Loan is performing well
- ✓ B) Loan is 6-12 months overdue with uncertain recovery
- C) Loan has been fully recovered
- D) Customer is new

Answer: (B) — SBP prudential regulations: Doubtful = 6-12 months overdue.

Q5. What is 'Substandard' loan classification?

Scenario: SBP's prudential regulation framework applies.

- ✓ A) Overdue 90-180 days
- B) Overdue more than 1 year
- C) Fully recovered
- D) Newly disbursed

Answer: (A) — Substandard = 90–180 days overdue.

Q6. A Field Officer receives a court summons. What should he do FIRST?

Scenario: NBP has received a summons in a civil case related to a customer account.

- A) Ignore it
- ✓ **B) Inform the legal division immediately and note the hearing date**
- C) Reply directly to court without informing seniors
- D) File a counter-suit

Answer: (B)

Q7. What is a 'Decree' in legal terms?

Scenario: The court has announced its formal decision in a bank recovery case.

- A) A bank order
- ✓ **B) A formal court order/judgment that must be executed**
- C) A legal notice
- D) A mortgage deed

Answer: (B)

Q8. What does 'Attachment of Property' mean?

Scenario: The court issued an order to seize the defaulter's assets.

- A) Joining properties
- ✓ **B) Court order prohibiting sale or disposal of assets**
- C) Bank buying property
- D) None of above

Answer: (B)

Q9. Under FIRO 2001, how quickly must a banking court decide a case?

Scenario: NBP has filed a recovery suit in Banking Court.

- A) Within 30 days
- ✓ **B) Within 180 days from filing**
- C) Within 5 years
- D) No time limit

Answer: (B) — FIRO mandates disposal within 180 days.

Q10. What is a 'Guarantor' in a loan agreement?

Scenario: A customer applied for a loan and provided a third party as guarantor.

- A) Someone who deposits money
- ✓ **B) A person who agrees to repay loan if primary borrower defaults**
- C) The bank officer
- D) A co-borrower only

Answer: (B)

Q11. What action should be taken on a 'Loss' classified loan?

Scenario: A loan has been overdue for more than 1 year with no prospect of recovery.

- A) Extend more credit
- ✓ **B) Provide 100% provisioning and pursue legal action**
- C) Write off immediately without action
- D) Reduce interest rate

Answer: (B) — SBP requires 100% provision on Loss category.

Q12. What is meant by 'Rescheduling' of a loan?

Scenario: A borrower is unable to meet current repayment schedule due to business loss.

- A) Cancelling the loan
- ✓ **B) Restructuring repayment terms to make it manageable**
- C) Increasing interest rate
- D) Transferring loan to another bank

Answer: (B)

Q13. A customer disputes a bank transaction. What is the correct first step?

Scenario: Customer claims Rs. 50,000 was debited from his account without authorization.

- A) Ask customer to file a police case
- ✓ B) Lodge a formal complaint, investigate, and reverse if error confirmed
- C) Ignore the complaint
- D) Freeze customer's account

Answer: (B)

Q14. What is 'Lien' in banking?

Scenario: Bank holds a customer's FDR as security against a loan.

- A) A type of loan
- ✓ B) Bank's right to hold customer's assets until debt is paid
- C) Interest rate type
- D) Account type

Answer: (B)

Q15. What must a Field Officer ensure before visiting a defaulter's property?

Scenario: Legal team has ordered a field visit to assess collateral property.

- A) Bring police immediately
- ✓ B) Obtain proper authorization, prepare visit report, and ensure safety
- C) Force entry
- D) None

Answer: (B)

Q16. What is 'Writ of Execution'?

Scenario: The bank won a court decree but the defaulter still hasn't paid.

- A) A loan document
- ✓ B) Court order to enforce the decree and recover dues
- C) A customer complaint
- D) An audit report

Answer: (B)

Q17. If a mortgaged property's value has declined below the loan amount, this is called:

Scenario: Property was valued at Rs. 3M at loan time; now worth Rs. 1.5M vs Rs. 2M outstanding.

- A) Capital gain
- ✓ B) Negative equity / under-collateralization
- C) Asset appreciation
- D) Market risk only

Answer: (B)

Q18. What should a Field Officer do if he discovers fraudulent documents in a loan file?

Scenario: During field visit, officer notices submitted property documents appear forged.

- A) Ignore and proceed
- ✓ B) Immediately report to supervisor/legal division and halt processing
- C) Return documents to customer
- D) Approve loan anyway

Answer: (B)

Q19. Which court handles banking disputes in Pakistan?

Scenario: NBP needs to file a recovery suit for Rs. 10 million.

- A) Civil Court
- B) High Court
- ✓ C) Banking Court established under FIRO 2001
- D) Supreme Court

Answer: (C)

Q20. What is 'Pledge' in banking?

Scenario: A customer pledges his gold jewellery against a loan.

- A) Mortgaging immovable property
- ✓ B) Delivery of movable asset as security while retaining ownership
- C) Transferring full ownership
- D) Selling assets to bank

Answer: (B)

Q21. If a borrower declares bankruptcy, what happens to bank's claim?

Scenario: A corporate borrower files for insolvency.

- A) Bank loses all rights
- ✓ B) Bank's secured claims are prioritized in asset liquidation
- C) Loan is automatically written off
- D) None

Answer: (B)

Q22. What is a 'Stay Order' in legal proceedings?

Scenario: The defaulter approached court and got an order before bank could recover property.

- A) Court order to speed up process
- ✓ B) Court order temporarily stopping bank's recovery action
- C) Court approval for sale
- D) A bank notice

Answer: (B)

Q23. The Transfer of Property Act 1882 mainly governs:

Scenario: Bank is registering a mortgage on customer's property.

- A) Transfer of money
- ✓ B) Transfer and mortgaging of immovable property
- C) Bank mergers
- D) Securities market

Answer: (B)

Q24. What does a 'Title Search' mean before sanctioning a mortgage loan?

Scenario: Bank's legal officer is verifying a property before loan approval.

- A) Searching for property owner's name online
- ✓ B) Verifying legal ownership and encumbrances on property through official records
- C) Visiting the property physically only
- D) Checking market price

Answer: (B)

Q25. What is meant by 'Lis Pendens'?

Scenario: Bank filed a recovery suit; opposing lawyer mentions lis pendens.

- A) A bank guarantee
- ✓ B) Legal notice that property is subject to pending litigation
- C) A loan agreement
- D) A financial report

Answer: (B)

SIMULATION SET 2: Customer Service & Professional Ethics (Q26–Q50)

Q26. An irate customer is shouting at the counter about a delayed transaction. Best response?

Scenario: Customer is visibly upset and creating scene in branch.

- A) Shout back to assert authority
- ✓ B) Calmly listen, apologize for inconvenience, and resolve the issue
- C) Ask security to remove customer

D) Ignore customer

Answer: (B)

Q27. A friend asks you to share another customer's account details. You should:

Scenario: Your school friend wants to know if someone's salary is being credited regularly.

A) Share details as it's just a friend

✓ B) Refuse firmly — customer data is confidential under banking laws

C) Share partially

D) Ask supervisor to share

Answer: (B) — Banking secrecy is a legal obligation.

Q28. A customer wants to open an account but refuses to provide CNIC. What do you do?

Scenario: KYC regulations require ID verification for all accounts.

A) Open account without CNIC

✓ B) Politely explain KYC requirement; account cannot be opened without valid CNIC

C) Accept alternative ID like utility bill only

D) Report customer to FIA

Answer: (B)

Q29. You discover a colleague is processing a fraudulent transaction. Best action?

Scenario: Your senior colleague is colluding with a customer on a suspicious transfer.

A) Stay silent to avoid conflict

✓ B) Report immediately to compliance/management through proper channel

C) Help colleague cover it

D) Ignore as it's not your department

Answer: (B)

Q30. What is 'conflict of interest' for a bank officer?

Scenario: An officer is processing a loan application from his brother.

A) Having two bank accounts

✓ B) Personal interest that could improperly influence professional decisions

C) Working overtime

D) None

Answer: (B)

Q31. A customer gifts you an expensive watch after you helped with his loan. You should:

Scenario: Customer is very grateful and offers a personal gift.

A) Accept — it's just a gift

✓ B) Decline politely; accepting gifts from customers violates bank ethics

C) Accept and report later

D) Ask customer to give to charity instead

Answer: (B)

Q32. How should a Field Officer handle confidential client information?

Scenario: Officer has access to customer files during field work.

A) Discuss with family members

✓ B) Keep strictly confidential; share only on need-to-know basis

C) Post on social media

D) Leave files in car

Answer: (B)

Q33. A customer complains that his loan EMI was wrongly charged. Best first step?

Scenario: Customer shows statement with double deduction this month.

A) Blame IT department

✓ B) Verify the transaction records immediately and offer to resolve

C) Tell customer to come next month

D) Ask customer to write a letter

Answer: (B)

Q34. What is 'insider trading' — and is it relevant to bank officers?

Scenario: Officer has access to corporate client's financial details.

A) Not relevant to banks

✓ B) Using confidential bank client information for personal financial gain — strictly prohibited

C) Normal banking practice

D) Only relevant to stock brokers

Answer: (B)

Q35. A customer wants to withdraw a large amount in cash. What must the officer verify?

Scenario: Customer requests Rs. 2 million cash withdrawal.

A) Nothing — just process it

✓ B) Verify identity, source of funds if suspicious, and comply with AML/CTF requirements

C) Refuse all large withdrawals

D) Only check account balance

Answer: (B)

Q36. What should you do if you suspect a transaction is related to money laundering?

Scenario: A new customer is making multiple large cash deposits with no clear business.

A) Process normally

✓ B) File a Suspicious Transaction Report (STR) with compliance team

C) Ask customer to explain publicly

D) Freeze account without any report

Answer: (B)

Q37. A senior officer instructs you to do something unethical. You should:

Scenario: Your branch manager asks you to backdate a document.

A) Do it — manager's orders must be followed

✓ B) Refuse and escalate to compliance or ethics hotline

C) Do it quietly this once

D) Resign immediately

Answer: (B)

Q38. Customer asks for information about interest rates. Best response?

Scenario: Walk-in customer inquires about loan products.

A) Refer to website only

✓ B) Provide accurate, updated information and offer to connect with relevant officer

C) Guess the rates

D) Say rates are confidential

Answer: (B)

Q39. What does professional punctuality mean for a Field Officer?

Scenario: Officer must attend court hearings and client visits on behalf of bank.

A) Arriving whenever convenient

✓ B) Being on time for all official meetings, hearings, and visits

C) Only being punctual for internal meetings

D) None

Answer: (B)

Q40. If you make an error in a bank document, you should:

Scenario: Officer accidentally entered wrong account number in a transfer form.

A) Use correction fluid (whitener) to cover it

✓ B) Draw a single line through error, correct it, and initial it — no whitener on official docs

C) Destroy and recreate without telling anyone

D) Submit as is

Answer: (B)

Q41. How should a bank officer handle a VIP customer differently?

Scenario: A politically influential person wants expedited loan processing.

A) Give full special treatment, bypass rules

✓ B) Treat with courtesy but follow the same due diligence and rules

C) Reject application to avoid risk

D) Refer to branch manager only

Answer: (B)

Q42. What should be done with customer documents after loan closure?

Scenario: Loan has been fully repaid and closed.

A) Dispose immediately

✓ B) Return original documents to customer and maintain record as per bank policy

C) Keep them permanently

D) Scan and delete originals

Answer: (B)

Q43. A customer cannot speak Urdu or English. How do you assist?

Scenario: An elderly customer from rural area visits branch.

A) Turn away politely

✓ B) Arrange for assistance in their language or find a colleague who can help

C) Give written instructions only

D) Ask them to bring an educated relative

Answer: (B)

Q44. What is the importance of 'dual control' in banking?

Scenario: Bank has a policy that two officers must authorize large transactions.

A) Wastes time

✓ B) Reduces risk of fraud, errors, and misappropriation

C) Just a formality

D) Required only for ATM

Answer: (B)

Q45. If a customer leaves his passbook/card at the counter, you should:

Scenario: Customer walked away forgetting his debit card after a transaction.

A) Keep it in your drawer

✓ B) Immediately try to return it to customer; if gone, deposit with supervisor per protocol

C) Throw it away for security

D) Use it to verify his account

Answer: (B)

Q46. What is meant by 'banker's duty of secrecy'?

Scenario: Legal officer is asked about bank's obligations regarding customer information.

A) Not sharing bank's internal policies

✓ B) Statutory obligation not to disclose customer information without consent or legal authority

C) Keeping salary confidential

D) None

Answer: (B)

Q47. A customer is clearly distressed and mentions financial hardship. Best approach?

Scenario: Customer is in tears explaining she cannot pay her loan EMI this month.

A) Immediately mark as defaulter

✓ B) Listen empathetically, explain available options like deferment, and escalate to authorized officer

C) Ignore — it's her problem

D) Offer personal loan from own pocket

Answer: (B)

Q48. What is 'due diligence' in the context of loan processing?

Scenario: Officer is reviewing a new SME loan application.

A) Just checking ID

✓ B) Thorough investigation of applicant's creditworthiness, financials, and collateral

C) Verifying only income

D) Approving quickly to meet targets

Answer: (B)

Q49. When is it appropriate to break banking confidentiality?

Scenario: Court has issued an order requiring disclosure of a customer's account details.

A) Never — always maintain secrecy

✓ B) When required by law, court order, or regulatory authority

C) When another bank requests it

D) When customer's family asks

Answer: (B)

Q50. What action should be taken if a customer presents a forged cheque?

Scenario: Cheque presented at counter appears to have an altered payee name.

A) Honor it — customer's responsibility

✓ B) Return the cheque, refuse payment, and report to supervisor/security

C) Call police immediately without informing supervisor

D) Process half the amount

Answer: (B)

SIMULATION SET 3: Banking Operations & Decision Making (Q51–Q75)

Q51. A customer wants to transfer Rs. 5 million to a foreign account. What is required?

Scenario: Corporate client requests international wire transfer.

A) Just account number

✓ B) SWIFT/IBAN, purpose of remittance, SBP approval if needed, and AML compliance

C) Only signature

D) Verbal instruction

Answer: (B)

Q52. What is the SBP-mandated minimum capital requirement for a commercial bank in Pakistan?

Scenario: New bank is applying for license.

A) Rs. 5 billion

✓ B) Rs. 10 billion

C) Rs. 2 billion

D) Rs. 20 billion

Answer: (B) — SBP requires Rs. 10 billion minimum paid-up capital.

Q53. A branch's cash is short by Rs. 10,000 at end of day. What should teller do?

Scenario: Daily cash balancing shows a shortfall.

A) Hide it and balance next day

✓ B) Report immediately to branch manager; shortfall may be recovered from teller if due to negligence

C) Add from personal funds without reporting

D) Leave and report next week

Answer: (B)

Q54. What does 'clearing' of a cheque mean?

Scenario: Customer deposits a cheque drawn on another bank.

A) Cleaning the physical cheque

✓ B) Process by which banks exchange cheques and settle interbank payments

C) Cancelling a cheque

D) Signing a cheque

Answer: (B)

Q55. What is RTGS in Pakistani banking?

Scenario: Customer wants to transfer a large amount that must be received same day.

A) Retail Transaction Gateway System

✓ B) Real Time Gross Settlement — for large, immediate interbank transfers

C) Regional Transfer Grid Service

D) None

Answer: (B)

Q56. A customer's account is dormant. What does this mean?

Scenario: Branch officer is reviewing inactive accounts.

A) Account has been closed

✓ B) No transactions for a specific period (usually 1-2 years) making it inactive

C) Account is in profit

D) Account is newly opened

Answer: (B)

Q57. What is a 'Profit & Loss Sharing' (PLS) account?

Scenario: Customer asks about Islamic banking savings account.

A) Regular savings with fixed interest

✓ B) Shariah-compliant account where returns are based on bank's profits, not fixed interest

C) A loan product

D) A current account

Answer: (B)

Q58. When should a Suspicious Transaction Report (STR) be filed?

Scenario: Officer notices a customer making structured cash deposits just below Rs. 500,000 threshold daily.

A) Only for transactions above Rs. 1 million

✓ B) Whenever there is suspicion of money laundering or terrorist financing, regardless of amount

C) Only if customer is foreign national

D) Never — it's customer's business

Answer: (B)

Q59. What is 'Cash Reserve Ratio' (CRR)?

Scenario: SBP monetary policy discussion mentions CRR.

A) Percentage of loans that must be in cash

✓ B) Percentage of deposits banks must keep as reserve with SBP

C) Interest rate on cash

D) Bank's profit ratio

Answer: (B)

Q60. A company wants to take an overdraft facility. What is it?

Scenario: SME client needs to pay salaries but account has insufficient balance.

A) A fixed loan

✓ B) Credit facility allowing withdrawals beyond account balance up to a set limit

C) A foreign exchange product

D) A savings plan

Answer: (B)

Q61. What is 'Murabaha' in Islamic banking?

Scenario: Customer wants Shariah-compliant trade finance.

A) An interest-based loan

✓ B) Cost-plus-profit sale arrangement where bank buys goods and resells to customer at markup

C) A profit-sharing agreement

D) A lease contract

Answer: (B)

Q62. An officer receives a call claiming to be from head office asking for system passwords. He should:

Scenario: Social engineering attempt over phone.

A) Share passwords to be helpful

✓ B) Refuse — never share passwords; verify caller's identity through official channels

C) Share half the password

D) Hang up without reporting

Answer: (B)

Q63. What is 'liquidity risk' for a bank?

Scenario: Bank's treasury team is discussing risk management.

A) Risk of theft

✓ B) Risk that bank cannot meet its short-term financial obligations

C) Risk of high inflation

D) Currency risk

Answer: (B)

Q64. A customer wants to encash an FDR before maturity. What happens?

Scenario: Customer needs urgent cash; his FDR matures in 3 months.

A) Not allowed under any circumstances

✓ B) Allowed but with penalty on profit (break of deposit); principal returned

C) FDR is transferred to savings account

D) Customer loses entire principal

Answer: (B)

Q65. What is 'Basel III' framework relevant to banking?

Scenario: Bank's risk management committee discusses capital adequacy.

A) A Pakistani accounting standard

✓ B) International regulatory framework for bank capital adequacy, stress testing, and liquidity

C) SBP's KYC regulations

D) None

Answer: (B)

Q66. Credit card interest is NOT applicable if:

Scenario: Customer asks about when he won't be charged interest.

A) He uses card abroad

✓ B) He pays full outstanding balance by payment due date

C) He makes minimum payment

D) Card is less than 1 year old

Answer: (B)

Q67. What is 'trade finance' in banking?

Scenario: An exporter approaches NBP for financing.

A) Buying and selling bank shares

✓ B) Financial instruments and products used to facilitate international trade and commerce

C) Investing in commodities

D) Domestic lending only

Answer: (B)

Q68. A customer reports his ATM card is stolen. Immediate action?

Scenario: Customer calls helpline reporting stolen card.

A) Tell customer to visit branch during business hours

✓ B) Immediately block the card and advise customer on next steps

C) Wait 24 hours to verify

D) Ask customer to file police report first

Answer: (B)

Q69. What is 'Ijarah' in Islamic banking?

Scenario: Customer wants Islamic financing for a vehicle.

A) An interest-based car loan

✓ B) Islamic leasing — bank buys and leases asset to customer; ownership may transfer at end

C) A mortgage product

D) A partnership arrangement

Answer: (B)

Q70. Interest rate risk in banking arises from:

Scenario: ALM committee is analyzing the bank's balance sheet.

A) Changes in foreign exchange rates

✓ B) Changes in interest rates affecting bank's assets and liabilities differently

C) Customer defaults

D) Operational failures

Answer: (B)

Q71. What is 'Correspondent Banking'?

Scenario: NBP needs to process a payment in a country where it has no branch.

A) Sending letters to customers

✓ B) Arrangement where one bank provides services on behalf of another in different jurisdiction

C) Customer correspondence

D) ATM services

Answer: (B)

Q72. What must a bank do when a customer dies and heir claims the account?

Scenario: Deceased customer's family approaches branch for account settlement.

A) Immediately transfer funds to any family member

✓ B) Require succession certificate/probate, verify legal heirs before releasing funds

C) Freeze account permanently

D) Donate to charity

Answer: (B)

Q73. What is 'Netting' in banking transactions?

Scenario: Treasury team is settling multiple transactions with another bank.

A) Catching errors in transactions

✓ B) Offsetting multiple payables and receivables to settle only net amount

C) Cancelling all transactions

D) A type of insurance

Answer: (B)

Q74. What is the purpose of 'Loan Loss Provisioning'?

Scenario: Bank's accounts department is preparing quarterly accounts.

A) Extra profits kept aside

✓ B) Setting aside funds to cover expected losses from non-performing loans

C) Tax saving measure

D) Employee bonus fund

Answer: (B)

Q75. A customer receives an unauthorized credit in his account. Bank's correct action?

Scenario: Rs. 500,000 was wrongly credited to wrong account.

A) Leave it — customer can keep it

✓ B) Reverse the transaction after informing customer and following bank procedures

C) Let customer withdraw then recover

D) Freeze account without notice

Answer: (B)

SIMULATION SET 4: Field Officer Role — Practical Scenarios (Q76–Q100)

Q76. As a Field Officer, your primary responsibility includes:

Scenario: Job description for Field Officer OG-III Legal Division.

A) Approving all loans independently

✓ B) Field visits, legal document verification, assisting in recovery, and liaising with courts

C) Managing branch accounts

D) IT support

Answer: (B)

Q77. You visit a property to assess collateral but find it is occupied by tenants. What do you do?

Scenario: Bank's mortgaged property is being rented out by borrower without permission.

A) Remove tenants forcibly

✓ B) Document findings, report to legal division; tenancy may complicate recovery

C) Approve as no issue

D) Ignore tenants

Answer: (B)

Q78. A defaulter threatens you during field visit. Correct response?

Scenario: Borrower becomes aggressive when officer visits for recovery.

A) Argue back physically

✓ B) Leave safely, document incident, report to supervisor, and involve law enforcement if needed

C) Abandon the case

D) Take a selfie and post online

Answer: (B)

Q79. Court asks for 'certified copy of bank records'. You should:

Scenario: Bank is required to produce documents in a court proceeding.

A) Give original documents

✓ B) Provide certified true copies through proper legal process — originals stay with bank

C) Deny having records

D) Send electronically without certification

Answer: (B)

Q80. What is a 'Field Investigation Report' (FIR) in banking context?

Scenario: Loan department requires field verification before loan disbursement.

A) Police First Information Report

✓ B) Bank officer's report after physically verifying applicant's business/residence/collateral

C) Financial Investment Report

D) Fraud Investigation Record

Answer: (B)

Q81. During field visit you find the business address given in loan application does not exist. What do you do?

Scenario: Verification of SME loan applicant's business location.

A) Mark as verified to avoid delay

✓ B) Report discrepancy in FIR; recommend rejection or further investigation

C) Ask applicant to change address on form

D) Approve — maybe they moved

Answer: (B)

Q82. What is 'Execution of Decree' in banking recovery?

Scenario: Bank won a court decree but borrower still hasn't paid.

A) Destroying the decree document

✓ B) Legal process of enforcing the court judgment — attaching property, bank accounts etc.

C) Filing a new case

D) None

Answer: (B)

Q83. The legal team asks you to serve a notice to a borrower. Best practice?

Scenario: Field Officer must serve legal demand notice.

A) Leave under door and leave

✓ B) Serve personally, obtain acknowledgment/signature; if unavailable, follow substituted service rules

C) Send WhatsApp message only

D) Post on social media

Answer: (B)

Q84. A borrower offers to pay 50% of outstanding loan as 'full and final settlement'. What happens next?

Scenario: Defaulter proposes compromise settlement.

A) Accept immediately

✓ B) Cannot be decided by Field Officer alone — must be referred to competent authority per bank policy

C) Reject — full payment required

D) Get cash payment directly

Answer: (B)

Q85. What is 'Limitation Period' for filing a bank recovery suit?

Scenario: Bank is considering filing a suit for a very old loan default.

A) 1 year

✓ B) 3 years from date of default under Limitation Act — suit must be filed in time

C) 10 years

D) No limit for banks

Answer: (B)

Q86. You are attending a court hearing. The bank's lawyer is absent. What do you do?

Scenario: Field Officer represents bank documents at court.

A) Seek adjournment through court officer

✓ B) Request adjournment immediately; inform legal division; never proceed without authorized lawyer

C) Argue the case yourself

D) Withdraw the case

Answer: (B)

Q87. During property valuation filing visit, owner claims the valuation report is wrong. You should:

Scenario: Discrepancy in bank's valuation vs owner's claim.

A) Accept owner's version

✓ B) Follow bank-approved valuer's report; owner may challenge through proper channel

C) Order a new valuation immediately

D) Ignore both valuations

Answer: (B)

Q88. What is 'Surety' in banking?

Scenario: Loan agreement includes a surety clause.

A) A type of fixed deposit

✓ B) A third party who promises to fulfill borrower's obligation if borrower defaults

- C) Insurance policy
- D) Bank guarantee

Answer: (B)

Q89. A borrower claims he already paid the loan but has no receipt. Bank's record shows outstanding. What do you do?

Scenario: Dispute between borrower and bank over payment.

A) Believe borrower — give benefit of doubt

✓ B) Ask borrower to provide bank transaction proof; verify with bank records; escalate

- C) Write off loan
- D) Immediately file suit

Answer: (B)

Q90. What does 'In-rem' legal action mean in banking?

Scenario: Bank's lawyer mentions in-rem proceedings in recovery case.

A) Action against a person

✓ B) Action against specific property/asset (e.g., foreclosing on mortgaged property)

- C) Action against government
- D) Criminal action

Answer: (B)

Q91. Field Officer must maintain a 'visit diary'. Why?

Scenario: Bank policy requires documentation of all field activities.

A) Personal record only

✓ B) Official record of all field visits, findings, and actions for audit and accountability

- C) Optional — only if supervisor asks
- D) For expense claims only

Answer: (B)

Q92. A court issues 'interim injunction' against bank's recovery action. This means:

Scenario: Bank receives court order while pursuing collateral sale.

A) Bank must immediately sell property

✓ B) Bank must temporarily stop recovery action as ordered by court until further hearing

- C) Case is dismissed
- D) Bank wins automatically

Answer: (B)

Q93. What is meant by 'pari passu' charge on assets?

Scenario: Multiple banks have financed the same company.

A) First bank has priority over all assets

✓ B) All creditors share equal priority on the secured assets

- C) Assets are sold to highest bidder
- D) None

Answer: (B)

Q94. If a corporate borrower has multiple directors and defaults, who is liable?

Scenario: SME loan was taken by company with personal guarantees from directors.

A) Only the CEO

✓ B) The company and personally liable directors/guarantors as per loan documents

- C) No one if company closes
- D) Only the bank bears loss

Answer: (B)

Q95. What is 'charge creation' on assets?

Scenario: Bank finances a company and registers its security interest.

A) Charging fees for transactions

✓ B) Registering bank's security interest over company's assets with SECP

C) Electricity charges for branch

D) None

Answer: (B)

Q96. An officer is asked to process a loan without proper documentation 'urgently'. He should:

Scenario: Branch manager pressures officer to disburse loan before file is complete.

A) Process immediately — manager's orders

✓ B) Refuse; explain that incomplete documentation violates credit policy and creates legal risk

C) Process half the amount

D) Process and complete documents later

Answer: (B)

Q97. What is the role of SECP in relation to corporate borrowers?

Scenario: Bank is lending to a Public Limited Company.

A) SECP approves all bank loans

✓ B) SECP regulates companies; bank must verify borrower's legal standing and SECP filings

C) SECP has no relation to banks

D) SECP sets interest rates

Answer: (B)

Q98. What is 'Subrogation' in banking/insurance context?

Scenario: Bank's insured collateral property was damaged and insurance paid.

A) A type of loan

✓ B) Bank/insurer's right to take over borrower's rights after compensating for loss

C) Insurance cancellation

D) Property transfer

Answer: (B)

Q99. A borrower approaches court claiming bank charged excess interest. What must bank provide?

Scenario: Legal challenge against bank's interest calculations.

A) Just the loan agreement

✓ B) Complete account statements, interest computation sheets, and legal loan agreement

C) Only verbal explanation

D) Nothing — challenge is invalid

Answer: (B)

Q100. As a Field Officer in Legal Division, your ultimate goal is:

Scenario: Performance review of Field Officer's work.

A) Processing as many loans as possible

✓ B) Protecting bank's legal interests, ensuring loan recovery, maintaining documentation integrity, and supporting legal proceedings

C) Minimizing court appearances

D) Building personal relationships with borrowers

Answer: (B)

Simulation Set	Questions	Focus Area
Set 1: Legal & Recovery	Q1–Q25	FIRO 2001, Mortgage, Court Procedures, NPLs
Set 2: Ethics & Customer Service	Q26–Q50	Confidentiality, AML, Professional Conduct
Set 3: Banking Operations	Q51–Q75	Products, Risk, Islamic Banking, Compliance

All the best, Muhammad Abu Bakar! You've got this! ✓ Green = Correct Answer