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20 True or False

Decide, then check the answer and reason below each statement.

Question 1

A Mandate is generally short-term and carries limited powers compared with a Power of Attorney.

TRUE

A Mandate is a temporary, narrow authorisation, while a POA grants broader, longer-lasting powers.

Question 2

A Mandate requires compulsory stamping and notarisation before a bank can act on it.

FALSE

A Mandate is a simple written authorisation and does not require stamping, unlike a Power of Attorney.

Question 3

A Power of Attorney is usually a stamped legal document, offering broader authority than a Mandate.

TRUE

A POA is a formal legal instrument that normally requires proper stamping and often notarisation.

Question 4

A Mandate continues to operate even after the death of the account holder.

FALSE

A Mandate terminates automatically on the death, insanity or insolvency of the account holder.

Question 5

Both a Mandate and a POA terminate automatically on the insolvency of the principal.

TRUE

Death, insanity and insolvency of the principal automatically end both a Mandate and a POA.

Question 6

A General Power of Attorney grants wider powers than a Special Power of Attorney.

TRUE

A GPA covers multiple financial, legal or property matters, while an SPA is limited to one defined purpose.

Question 7

A Special Power of Attorney allows the agent to act across all types of legal and financial matters.

FALSE

A Special POA is restricted to one defined purpose, such as selling a property or operating one account.

Question 8

A banker's lien allows a bank to retain a customer's securities until outstanding dues are cleared.

TRUE

The lien lets a bank hold lawfully possessed securities or property until the customer clears its dues.

Question 9

A banker's lien is a particular lien that applies only to one specific transaction.

FALSE

A banker's lien is a general lien covering the customer's overall balance of account, not one transaction.

Question 10

The banker's lien is widely regarded as an implied pledge, giving the bank a right to sell securities after notice.

TRUE

Being treated as an implied pledge lets the bank sell the retained securities after giving reasonable notice.

Question 11

A banker's lien automatically extends to the contents of a safe-deposit locker.

FALSE

Locker contents and safe-custody articles are generally outside the lien, since the bank acts as bailee there.

Question 12

The right of set-off allows a bank to adjust a credit balance in one account against a debit in another account of the same customer.

TRUE

Set-off lets a bank combine a customer's accounts, adjusting a credit balance against a debit elsewhere.

Question 13

A garnishee order is issued by the bank itself rather than by a court.

FALSE

A garnishee order is issued by a court, directing the bank to freeze and not pay out a customer's balance.

Question 14

In a garnishee order, the bank must freeze the relevant balance on receiving the court's order.

TRUE

On receiving a garnishee order, the bank becomes the garnishee and must freeze the customer's balance.

Question 15

The right of set-off is exercised by the bank on its own, while a garnishee order originates from a court.

TRUE

Set-off is the bank's own right, whereas a garnishee order is a court-imposed direction on the bank.

Question 16

A Mandate can only be issued by large institutions, never by individuals.

FALSE

Generally individuals issue Mandates, while institutions typically act through board resolutions or POAs.

Question 17

A bank must act strictly within the powers granted under a POA, or it risks liability.

TRUE

A bank receiving a POA must act only within the powers granted, since exceeding them exposes it to liability.

Question 18

Revoking a Power of Attorney generally requires no legal formalities, just like a Mandate.

FALSE

A POA needs legal formalities to revoke, while a Mandate can be revoked easily without such formalities.

Question 19

PPB Unit 7 covers the banker's special relationship, including Mandate, POA, lien, set-off and garnishee order.

TRUE

These five tools together form the banker's special relationship topic tested in JAIIB PPB Unit 7.

Question 20

A garnishee order and the right of set-off are identical legal concepts with no practical difference.

FALSE

Set-off is the bank's own right to combine accounts, while a garnishee order is a distinct court-imposed freeze.

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