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# PRESIDENCY UNIVERSITY

Presidency University Act, 2013 of the Karnataka Act No. 41 of 2013 | Established under Section 2(f) of UGC Act, 1956  
Approved by AICTE, New Delhi | Approved By BCI  
Bengaluru

## Even Semester Mid Term, March 2026

**Date: 11/03/2026**

**Time: 09:30 AM - 11:00 AM**

**Course Code: MBA3089**

**Course Name: Forex Management and International Banking**

**Semester: Fourth Semester**

**Max. Marks: 50**

**Weightage: 50%**

CO - Levels	CO1	CO2
Marks	26	44

### Part A: Answer Following Questions. 15 M

Qn.No	Questions	M	CO	BT
1	Define International Banking. State any two features that differentiate it from domestic banking.	3	CO1	BT2
2	What are Petrodollars? Briefly explain how their accumulation affected international bank lending in the 1970s.	3	CO1	BT2
3	Define a Syndicated Loan. Why is syndication preferred in large cross-border lending?	3	CO2	BT3
4	What are Eurocurrency (Euromarket) operations? Mention one regulatory advantage associated with them.	3	CO2	BT2
5	What is LIBOR-linked (floating rate) lending? Explain its impact on sovereign borrowers during periods of rising global interest rates.	3	CO2	BT3

### Part B: Answer Any 1 Following Questions. 10 M

Qn.No	Questions	M	CO	BT
6	Discuss the structural forms through which banks expand internationally — namely Foreign Branches, Foreign Subsidiaries, and Correspondent Banking relationships. Explain their legal identity, regulatory supervision, capital treatment, and risk implications.	10	CO1	BT2
7	Explain the specialized institutional mechanisms developed to facilitate international banking operations, namely	10	CO1	BT2

Representative Offices, Consortium Banks, and Edge Act Banks. Discuss their purpose, operational scope, and strategic relevance in global banking, with suitable examples.

**Part C: Answer Any 1 Following Questions. 10 M**

Qn.No	Questions	M	CO	BT
8	Explain the “Recycling Problem” of the 1970s. How did petrodollar accumulation and syndicated lending through Eurocurrency markets contribute to the 1982 international debt crisis?	10	CO2	BT3
9	Explain the concept of Correspondent Banking and its importance in international transactions. Discuss the meaning and balance sheet treatment of Nostro and Vostro accounts, and illustrate your answer with a simple example of a Nostro-Vostro transaction between two banks.	10	CO2	BT3

**Part D: Answer Following Questions. 15 M**

Qn.No	Questions	M	CO	BT
10	<p>In 2011, Standard Bank Group was the largest banking institution in Africa, with assets of US\$185 billion and operations in more than 30 countries. The bank emerged relatively stable from the 2008 global financial crisis due to minimal exposure to U.S. mortgage-backed securities. However, the global slowdown and increasing competitive pressures forced its leadership to reassess its international strategy. A major strategic initiative was its acquisition of IBTC Bank in Nigeria during 2006–07. Regulatory reforms by the Central Bank of Nigeria required banks to significantly increase capital, triggering consolidation in the sector. Standard Bank invested substantially to acquire majority ownership in Stanbic IBTC, thereby expanding into one of Africa’s largest and high-growth emerging markets. Another transformative step was the sale of a 20% equity stake to the Industrial and Commercial Bank of China (ICBC) in 2007–08 for US\$5.5 billion. This strategic partnership strengthened Standard Bank’s capital base and positioned it to intermediate China–Africa trade and investment flows, particularly in infrastructure and natural resource financing.</p> <p>Despite these strategic moves, the bank faced domestic competition, regulatory fragmentation across jurisdictions, foreign exchange exposure, and sovereign risk challenges. The case highlights important themes in international banking including cross-border expansion, strategic alliances, regulatory risk, capital flows, and multinational banking</p>	15	CO2	BT3

strategy.

10 (a). Discuss the key motives and risks associated with cross-border bank acquisitions in emerging markets.

10 (b). Explain how strategic international banking partnerships facilitate cross-border capital flows, trade finance, and syndicated lending operations.

10 (c). Discuss the regulatory and operational challenges faced by multinational banks operating across multiple jurisdictions. Illustrate with reference to the case.