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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

TEST 1

Winter Semester: 2021 - 22

Course Code: BSF 108

Course Name: International Banking and Finance

Program & Sem: B.Com (Professional and Hons) & VI Sem

Date: 25th April 2022

Time: 3.00 PM to 4.00 PM

Max Marks: 30

Weightage: 15%

Instructions:

(i) Read the all questions carefully and answer accordingly.

Part A [Memory Recall Questions]

Answer all the Questions. Each question carries TEN marks.

(10Qx 1M= 10M)

Q1. ___centers where actual deals are struck with customers. [1M] (C.O.No.2) [Comprehension]

- a. organizational b.functional c. banking d. business

Q2. State the important of International Financial Centers? [1M] (C.O.No.2) [Comprehension]

Q3. ___ are linked together in various formal and informal ways from simply holding account with each other correspondent accounts. [1M] (C.O.No.2) [Comprehension]

- a.Wholesale banking b.International banking c. investment banking d. Merchant banking

Q4. ___ include foreign currency notes and coin, travelers cheques, drafts, travelers letters of credit and cheque encashment facilities. [1M] (C.O.No.1) [Knowledge]

- a.Travel service b. international banking c. merchant banking d. investment banking

Q5. ___ is a geographical region that has economic laws that are more liberal than a country's typical economic laws. [1M] (C.O.No.2) [Comprehension]

- a.free trade b.free trade zone c.special economic zone d.urban trade zone

Q6. ___ are operating banks like local banks, except that the directors and owners tend to reside elsewhere. [1M] (C.O.No.1) [Knowledge]

- a.foreign b. cross border c. domestic d.banking

Q7. ___network is the largest network of correspondent banks in the world.

[1M] (C.O.No.1) [Knowledge]

- a.IFC b.OFC c.SWIFT d.NEFT

Q8. Define correspondent banking. [1M] (C.O.No.2) [Comprehension]

Q9. What are the main functions of merchant banking? [1M] (C.O.No.1) [Knowledge]

Q10. Mention any two reasons for the growth of international banking.
[1M] (C.O.No.1) [Knowledge]

Part B [Thought Provoking Questions]

Answer both the Questions. Each question carries FIVE marks. (2Qx5M=10M)

Q.11. Ms Ann's business is domestic, and her business is growing. She would be able to determine that there is a large demand for cross-border items or goods. She requires advice on the various ways in which international banking might assist her. [5M] (C.O.No.1) [Knowledge]

Q.12. Difference between Functional centers and Tax Havens. [5M] (C.O.No.2) [Comprehension]

Part C [Problem Solving Questions]

Answer the Question. Question carries TEN marks. (1Qx10M=10M)

Q.13. Mr. Xyz is in the crude oil industry in his country's domestic and cross-border areas, and as demand for crude oil grows, he wants to export to other countries as well. He is unsure which financial centres to contact or how the banking support process works. Kindly advise him to consider the international financial centers, of which OBU is a part, for his business expansion.

[10M] (C.O.No.2) [Comprehension]



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**PRESIDENCY UNIVERSITY
BENGALURU
SCHOOL OF COMMERCE**

TEST 2

Winter Semester: 2021 - 22

Course Code: BFS 108

Course Name: International Banking and Finance

Program & Sem: B.Com (Professional and Hons)

Date: 31st May 2022

Time: 03.00PM - 04.00PM

Max Marks: 30

Weightage: 15%

Instructions:

(i) *Read the all questions carefully and answer accordingly.*

Part A [Memory Recall Questions]

Answer all the Questions. Each question carries TEN marks.

(10Qx 1M= 10M)

- _____ allows someone else to borrow something. In terms of business and finance.
[1M] (C.O.No.3) [Comprehension]
a. Lending principle b. Lending c. Loan
- What role does liquidity risk play in a company's financing? [1M] (C.O.No.3) [Comprehension]
- List any two industrial analysis components that were utilised to evaluate the company for finance.
[1M] (C.O.No.3) [Comprehension]
- The five Cs of credit is a system used by lenders to measure the _____ of potential borrowers.
[1M] (C.O.No.3) [Comprehension]
a. creditworthiness b. capacity c. collateral
- _____ is an arrangement in which the business can purchase the goods now and pay for them later.
[1M] (C.O.No.3) [Comprehension]
a. asset-based lenders b. installment purchase c. trade credit
- _____ are negotiable security instruments that are issued by a US bank that represent a specific number of shares in a foreign company that is traded in US financial markets.
[1M] (C.O.No.3) [Comprehension]
a. Global bond b. External Commercial Borrowings c. American Depositary Receipt
- Why regulation of FEMA is necessary? [1M] (C.O.No.4) [Comprehension]

8. Write a short note on management floating exchange rate system?

[1M] (C.O.No.4) [Comprehension]

9. How can foreign exchange benefit customers?

[1M] (C.O.No.4) [Comprehension]

10. Any two functions of FEDAI in foreign exchange in India.

[1M] (C.O.No.4) [Comprehension]

Part B [Thought Provoking questions]

Answer both the Questions. Each question carries FIVE marks.

(2Qx5M=10M)

11. Mr.A intends to explore cross-border company, so he approaches a bank to obtain financing for his venture. The bank accepts his loan documents and sends it to the backend team to examine the business's credibility. In this case, the bank needs your help in assessing Mr.firm A's in terms of business analysis.

[5M] (C.O.No.3) [Comprehension]

12. Share your thoughts on the different types of exchanges rates and how it will benefit the firm to borrow the loans for the cross-border business transaction.

[5M] (C.O.No.4) [Comprehension]

Part C [Problem Solving question]

Answer the Question. The question carries TEN marks.

(1Qx10M=10M)

13. As the beverage (soft drink) sector in India grows, focus groups are spreading across the country, and market experts have advised management that there is a high demand for soft drinks in the Middle East. The focus considered it and decided to raise financing for business expansion. So, they wish to approach a bank in this regard, but they are unsure what documentation is required. Please advise them on how they can better prepare their documentation and identify the risk analysis associated with their operation that bank expects. [10M] (C.O.No.3) [Comprehension]

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**PRESIDENCY UNIVERSITY
BENGALURU
SCHOOL OF MANAGEMENT**

END TERM EXAMINATION

Winter Semester: 2021 - 22

Course Code: BSF108

Course Name: International Banking and Finance

Program & Sem: BCH & BCM – VI Sem

Date: 28th June 2022

Time: 01.00 PM to 04.00 PM

Max Marks: 100

Weightage: 50%

Instructions:

(ii) Read the all questions carefully and answer accordingly.

Part A [Memory Recall Questions]

Answer all the Questions. Each question carries THREE marks.

(10Qx 3M= 30M)

- _____ is the rate at which it is allowed to _____ fluctuate around a _____ value in a band. (C.O.No.4) [Comprehensive]
 a. crawling band, rate, central b. functional band, amount, middle c. floating band, rate, first
- State the importance of External commercial borrowing. (C.O.No.3) [Comprehensive]
- Discuss the functions of FEDAI in India. (C.O.No.4) [Comprehensive]
- Match the following (C.O.No.5) [Comprehensive]

Market Risk	Counterparties
Liquidity Risk	Financial Instruments
Credit Risk	Funding

- Match the following (C.O.No.5) [Comprehensive]

One currency to another	Competitor
Currency fluctuation	Currency risk
Financial risk	Exchange rate risk

- How management analysis can help the banking for lending their customer business? (C.O.No.4) [Comprehensive]
- Illustrate the importance of 5c's credit in lending. (C.O.No.4) [Comprehensive]

8. Mr. Bob needs the details regarding the facilities for exporters (foreign trade), he is not sure how to go with it. Suggest him the requirement and features of it. (C.O.No.4)

[Comprehensive]

9. Ms Ann's company is a domestic one that is expanding. She'd be able to figure out if there's a lot of demand for cross-border things or goods. She seeks guidance on the many options for channeling overseas financing through foreign bonds. Give her your advice on which country bond she should approach for the business. (C.O.No.3)

[Comprehensive]

10. What is an international bond? Highlights its benefits and drawback.

(C.O.No.4) [Comprehension]

Part B [Thought Provoking Questions]

Answer all the Questions. Each question carries EIGHT marks.

(5Qx8M=40M)

11. DBC Bank approaches IBM Solutions to install a software in their banking operations so that fraud detection becomes easier. Also, they would like to collect the customer experience using new software for their banking transactions. Which technology should they implement and why? (C.O.No.4)

[Comprehensive]

12. The Bank for International Settlements (BIS) is an international financial institution offering banking services for national central banks and a forum for discussing monetary and regulatory policies. The BIS, which is owned by 63 national central banks, also provides independent economic analysis. Explain the various Basel Accords. (C.O.No.4)

[Comprehensive]

13. Nisha is working as a Doctor in a reputed Multi-specialty hospital. She approaches ICICI bank to avail home loan worth Rs. 5 Crores to purchase a Villa. Bank collects all the documents required before approving her loan. Discuss the principles of lending.

(C.O.No.3)[Comprehensive]

14. Dreams Pvt Ltd is a leading Real Estate Company. The CEO is setting up its new venture into the product line of Marketing Solutions Services to various clients at affordable prices. They approach their bank to assist them in the entire process of legal and banking formalities. Examine the role of banker in this scenario and at how many levels does the interaction occurs between the banker and the company. (C.O.No.3)

[Comprehensive]

15. Brazil approaches India to start an international trade between these countries. Brazil proposes to import quality roses from Bangalore on a regular basis for a specified price payable in INR. Which policy monitors international trade and what are its objectives?

Part C [Problem Solving Questions]

Answer both the Questions. Each question carries FIFTEEN marks.

(2Qx15M=30M)

16. A multinational A multinational corporation sets up an offshore bank to handle its foreign exchange operations or to facilitate financing of an international joint venture. An onshore bank establishes a wholly owned subsidiary in an OFC to provide offshore fund administration services (e.g., fully integrated global custody, fund accounting, fund administration, and transfer agent services). The owner of a regulated onshore bank establishes a sister "parallel bank in an OFC. The attractions of the OFC may include no capital tax, no withholding tax on dividends or interest, no tax on transfers, no corporation tax, no capital gains tax, no exchange controls, light regulation and supervision, less stringent reporting requirements, and less stringent trading restrictions. (C.O.No.2) [Application]

The scenario described above is entirely about Offshore banking licenses. A few questions are then offered for debate.

a) Illustrate the concept of off shore finance, types of Offshoring, merits & demerits.

17. Assume XYZ Company is a Canadian company and pays interest and principal on a \$1,000 bond with a 5% coupon in Canadian dollars. If the exchange rate at the time of purchase is 1:1, then the 5% coupon payment is equal to \$50 Canadian, and because of the exchange rate, it is also equal to \$50 U.S.

Now let's assume a year from now the exchange rate is 1:0.85. Now the bond's 5% coupon payment, which is still \$50 Canadian, is worth only \$42.50 U.S. The investor has lost a portion of his return for reasons that had nothing to do with the issuer's ability to pay.

The scenario described above is entirely about Currency Risk. A few questions are then offered for debate.

a) How does currency risk work and why does currency risk matter to business?

(C.O.No.5) [Application]