Seat Number of Candidate: __________

SavitribaiPhule Pune University

Department of Management Sciences (PUMBA)

MBA, Trimester – ____ , External Assessment Examination, October, 2015

Subject Code: 405H | **Name of Subject:** General Banking & Regulations

Marks: 50 | Time: 3 Hrs

Instructions to the students –

Solve Any Five (Each question carries 10 Marks).

Q1. List the five banking activities a customer can carry out using the ATM. Discuss the benefits of leveraging technology. (10marks)

Q2.

a) Classify asset products under retail banking and explain them briefly. (5marks)

b) List some of the banking products that have come up owing to technological advancements. Discuss the benefits of leveraging technology. (5marks)

Q3. Owing to the global crisis and liquidity crisis, high volatility is expected in interest rate movement. Hence, Mr. Vijay Chari, the treasurer of the bank, has assigned the following probability for different interest rate changes:

Change in interest rate	Probability
–1.00%	0.25
–0.50%	0.40
+1.00%	0.10
+0.50%	0.25

a) Compute the target gap for each of the four possible changes in the interest rate and expected change in NII for different level of gap, if the bank is willing to have a variation of 2% in the interest income. (3marks)

b) Suggest what decision Mr. Chari should take in falling interest rate scenario. (2marks)

c) Compute expected change in value of equity, if the current rate of interest is 8%. (5marks)

Q4.

a) Co-operative banks play an important role in the Indian financial system. Describe the laws relating to cooperative bank. (7marks)

b) Alco Banking Corporation Ltd., has earning assets of Rs.1850 crore and a net interest income of Rs.55.50 crore. In policy decision made by the bank, it has been decided that a 2% increase/decrease in the net interest margin can be acceptable. It further forecasts a 0.75% decrease in the interest rate. The target gap, which bank can maintain to remain within the acceptable limit of the NII is (3marks)

Q5. Explain liquidity risk in the banking domain and how can be manage by these two approaches:

a) Fundamental approach

b) Technical approach (5marks each)

Q6. Write short notes (Any Five): (2marks each)

i. Interest Expense Ratio.

ii. Burden Ratio.

iii. Efficiency Ratio.

iv. Equity Multiplier.

v. NIM.

vi. Asset Utilization.

vii. ROA.

viii. ROE.