

සියලු ම හිමිකම් ඇවිරිණි]
முழுப் பதிப்புரிமையுடையது.]
All Rights Reserved]

இலங்கை විභාග දෙපාර්තමේන්තුව / இலங்கைப் பரீட்சைத் திணைக்களம் / Department of Examinations, Sri Lanka

Written Examination for Promotion to the Grade of Assistant Manager (3-III)
in People's Bank - 2016

(01) First Question Paper

One hour

Instructions to Candidates

Very Important

Do not use Pencils
to write answers.



* Answer scripts where the numbers are not written as indicated below will not be marked/evaluated.

1 2 3 4

Write your Index Number here and
on page 3 in the space indicated.

.....

Checked as correct

.....

Invigilator's Initials

Important :

- * This paper consists of 50 questions on 07 pages.
- * Before answering the paper arrange all the pages in order.
- * Answer all questions on this paper itself.
- * The time allowed is one hour.
- * Commence answering only after the Centre Supervisor's announcement.
- * Calculations are not allowed to use.
- * Instructions given should be strictly followed in answering this paper and marks will not be awarded for answers not in accordance with these instructions.
- * Even if you are not attempting the paper hand it over to the Supervisor.
- * Write the answers clearly and legibly in blue or black ink only and not in pencil.
- * It is an offence to remove this paper from the examination hall or turn out photocopies of the same.
- * Answer scripts with illegible figures, illegible handwriting, those where erasing fluid has been used and written in pencil will not be marked/evaluated.

For Examiner's use only

Page No.	Question Nos.	Marks awarded
2	1 - 7	
3	8 - 17	
4	18 - 25	
5	26 - 33	
6	34 - 42	
7	43 - 50	
Total		

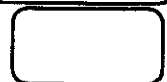
Final Score

In figures	
In words	
Marking Examiner	
Checked by	

[See page two

- Select the **correct or the most appropriate** answer for each of the questions from No. 1 to 50 and write its **number on the dotted line** provided.

1. 'Reasonable care' in drawing cheques refers to
- (1) Exercising reasonable care in executing drawer's written orders, so as not to mislead the bank or facilitate forgery.
 - (2) Exercising reasonable care in executing drawer's written orders, so as not to mislead the payee.
 - (3) Exercising reasonable care in crossing the cheque and placing the signature.
 - (4) Exercising reasonable care when delivering the cheques to the payee. (.....)
2. Bank employees are bound by section 77 of the Banking Act No 30 of 1988 which is related to secrecy. As per this clause, customer information **can not** be disclosed to
- (1) a court as required by law.
 - (2) an auditor.
 - (3) an employee of the bank in the performance of his duty.
 - (4) a customer who maintains the account. (.....)
3. Collection of data relating to suspicious financial transactions to facilitate the prevention, detection, investigation and prosecution of the offences of money laundering, and the financing of terrorism is one of the main objectives of
- (1) Prevention of money laundering Act No 05 of 2006.
 - (2) Convention on the suppression of terrorist financing Act No 25 of 2005.
 - (3) Financial Transaction Reporting Act No 06 of 2006.
 - (4) Banking Act No 30 of 1988. (.....)
4. Which one of the following would **not** amount to termination of the banker and customer relationship by operation of Law?
- (1) Death of the customer.
 - (2) Mental incapacity of the customer.
 - (3) Termination by mutual agreement.
 - (4) Customer's liquidation. (.....)
5. Even though a bank collects a cheque for which customer has no title or has a defective title, collecting bank gets the protection under Section 82 of Bill of Exchange where
- (1) A banker in good faith and without negligence receives payment for a customer, for a cheque crossed generally or specially to himself.
 - (2) A banker in good faith receives payment for a customer for a cheque crossed generally to himself.
 - (3) A banker is holder for value.
 - (4) A banker is holder in due course. (.....)
6. Bailor-Bailee relationship arises in some of the banking transactions and it is generally considered to be a contractual relationship among them. The relationship implies
- (1) The bailee receives only control or possession of the property while the bailor retains the ownership interest in it.
 - (2) Both ownership interest and possession of the property are with bailor.
 - (3) Both ownership and possession of the property are with the bailee.
 - (4) Bailor retains the control of the property while bailee has the interest of ownership. (.....)
7. Payee of a cheque **cannot** be a holder in due course as
- (1) the payee has not taken it complete and regular on the face of it.
 - (2) the payee becomes a holder after it was overdue.
 - (3) the payee did not take the cheque in good faith and for value.
 - (4) cheque is not negotiated to payee and it is only issued to payee. (.....)



8. A cheque drawn 'cash or order'
- (1) can be paid to any person over the counter.
 - (2) can be accepted only when it is channelled through the clearing.
 - (3) can be paid over the counter only to drawer or to his known agent.
 - (4) cannot be paid to any one and should be returned with the remark of "irregularly drawn". (.....)
9. Where a person who is subject to the law of Thesavalamai and whose cash in the bank is acquired property, dies intestate leaving his heirs a spouse and children. The respective entitlement is
- (1) The spouse takes half and the children get the balance half in equal shares.
 - (2) The spouse and children take in equal shares.
 - (3) The spouse gets entire property.
 - (4) The spouse takes 1/3 of the property and the balance in equal share among the children. (.....)
10. When a prohibitory notice is received, the first step to be taken by the bank is
- (1) immediately stop the future operations of account attached to the prohibitory notice.
 - (2) immediately make a note of the exact time and date of its receipt in the system.
 - (3) advice the concerned officers to refer the notice details to customer immediately.
 - (4) obtain instructions of the customer on the future operations of the accounts. (.....)
11. 'What is the minimum balance that should be maintained in a 'YES' Account to be eligible for bonus interest?
- (1) Rs. 2,000
 - (2) Rs. 10,000
 - (3) Rs. 15,000
 - (4) Rs. 25,000 (.....)
12. What is the maximum interest free period a credit card customer would receive?
- (1) 21 days
 - (2) 36 days
 - (3) 48 days
 - (4) 51 days (.....)
13. 'Gurusetha' is one of the popular loan products of People's Bank that is catered for teachers. What is the maximum loan amount that can be granted against personal guarantee under this scheme?
- (1) Rs. 1.0 mn
 - (2) Rs. 1.5 mn
 - (3) Rs. 2.0 mn
 - (4) Rs. 2.5 mn (.....)
14. Sri Lanka Government is inviting various contracts from foreign countries for constructing Colombo-Kandy highway. The project will be awarded to only one contractor. What type of a bond is called from the contractors for this purpose?
- (1) Performance bond
 - (2) Bid bond
 - (3) Advance payment bond
 - (4) Retention bond (.....)
15. The term "SLFR" used in Sri Lanka Financial markets is referred to
- (1) Sri Lanka Forex Rate
 - (2) Sri Lanka Foreign Currency Rate
 - (3) Standing Lending Facility Rate
 - (4) Security Lending Facility Rate (.....)
16. What is the maximum fee for the fund transfer through slips?
- (1) Rs 50/- per transaction
 - (2) Rs 100/- per transaction
 - (3) Rs 150/- per transaction
 - (4) There is no maximum fee (.....)
17. Which category of individuals of the following is **not** eligible to open NRFC account with an authorised dealer?
- (1) Nationals of Sri Lanka who are residents outside Sri Lanka.
 - (2) Individuals who have opened Migrant Blocked Accounts (MBA).
 - (3) Non-nationals of Sri Lankan origin, who are resident outside Sri Lanka.
 - (4) Sri Lankan students who are studying outside Sri Lanka. (.....)

18. CAMPARI is one of the pneumonics that is used to evaluate a credit proposal. CAMPARI stands for
- (1) Credit worthiness, Ability, Margin, Purpose, Amount, Repayment terms, Insurance.
 - (2) Character, Ability, Margin, Purpose, Amount, Repayment terms, Insurance.
 - (3) Character, Ability, Margin, Purpose, Amount, Rate, Insurance.
 - (4) Character, Ability, Margin, Purpose, Amount, Repayment terms, Interest rate. (.....)
19. Financial statements of a company are very useful in evaluating the liquidity position. However, they reflect certain limitation in evaluating exact liquidity position due to the reason that
- (1) They do not provide maturity mismatches.
 - (2) They do not provide liquidity ratios
 - (3) They do not provide cash flow analysis.
 - (4) They do not provide historical figures. (.....)
20. SME Loans mostly are categorised as
- (1) Cash flow based lending. (2) Security oriented lending.
 - (3) Balance sheet oriented lending. (4) Unsecured lending. (.....)
21. The correct set which is used to assess financial feasibility of the project is
- (1) NPV, IRR, Pay back period, Net cashflow
 - (2) NPV, IRR, Working capital, Financial ratios
 - (3) Cashflow, Financial ratios, Interest Service cover ratio
 - (4) Liquidity, Profitability and Solvency ratios. (.....)
22. When financing a project moral hazard impact is inevitable. To reduce the impact of moral hazard, bank should
- (1) request more collateral.
 - (2) direct loan proceed to appropriate purposes.
 - (3) tighten with covenants.
 - (4) request more equity from the borrower. (.....)
23. Which of the following that **cannot** be used to measure liquidity of a business?
- (1) Current ratio (2) Acid test ratio
 - (3) Stock turnover ratio (4) Earnings per share (.....)
24. A loan considered to the consumer section of the co-operative society should be recommended by the
- (1) Secretary to the Ministry of Food & Co-operative
 - (2) Deputy General Manager of Co-op Development
 - (3) Assistant-commissioner of Co-op Development
 - (4) National Co-op council (.....)
25. As per Central Bank of Sri Lanka guidelines, when a credit card payment is defaulted by a customer such facility should first be transferred to substandard category. The period is
- (1) 90 days from the default.
 - (2) 100 days from the default.
 - (3) 120 days from the default.
 - (4) 180 days from the default. (.....)



26. With regard to interest income of a non-performing advance (NPA) which one of the following is most appropriate?
- (1) Interest income collected, cannot be recognized as profit and transferred to a Suspense Account.
 - (2) Interest income uncollected cannot be recognized as profit and transferred to a Suspense Account.
 - (3) Interest income not collected during the period before transferring to NPA, can be recognized as income.
 - (4) All interest income not collected before and after NPA, cannot be recognized as income. (.....)
27. One of the requirements that comes under effective credit monitoring system is
- (1) to ensure borrower does not appear in CRIB.
 - (2) to ensure borrower is creditworthy.
 - (3) to ensure delegated authority is in compliance with credit policy.
 - (4) to ensure that all credits are in compliance with existing covenants. (.....)
28. Which one of the following is more useful in monitoring the credit portfolio of a bank branch?
- | | | |
|----------------------|-------------------------------------|---------|
| (1) Post inspections | (2) MIS reports | (.....) |
| (3) Watch list | (4) Credit portfolio related ratios | (.....) |
29. Probability of default is a measurement that is used to measure credit risk of a credit portfolio. Probability of default of a credit portfolio is referred to as
- (1) An estimate of the likely-hood that a borrower will be unable to meet its debt obligations.
 - (2) The share of loan lost if borrower defaults.
 - (3) The total exposure if borrower defaults.
 - (4) An estimation of the extent to which bank may be exposed to a borrower. (.....)
30. Four key processes that involve in credit management framework are
- (1) Risk identification, Risk measurement, Risk monitoring, Risk mitigation
 - (2) Risk analysis, Risk identification, Risk control, Risk mitigation
 - (3) Risk evaluation, Risk identification, Risk classification, Risk monitoring
 - (4) Risk identification, Risk measurement, Risk control, Risk monitoring (.....)
31. The correct list of Non-performing loan category as per Central Bank of Sri Lanka guidelines is
- (1) Past due, Substandard, Doubtful, Loss
 - (2) Past due, Special mention, Doubtful, Loss
 - (3) Special mention, Substandard, Doubtful, Loss
 - (4) Special mention, Past due, Substandard, Loss (.....)
32. Forced Sale Value of a property is referred to as
- (1) Value that can be derived when the property is sold at the open market at an arm's length transaction.
 - (2) Value that is decided by private arrangement.
 - (3) Value that is driven by the market forces.
 - (4) Value that can be derived by the bank in the event that property has to be realized due to the default of the facility. (.....)
33. As per the Exchange Control of Sri Lanka which is the latest currency that has joined the list of designated foreign currencies?
- | | | |
|-------------------|------------------------|---------|
| (1) Euro | (2) Chinese Renminbi | (.....) |
| (3) Danish crones | (4) New Zealand Dollar | (.....) |



34. In Uniform Rules for Collection, a clean collection means
- (1) Collection of commercial invoice, transport document, title document or other similar documents.
 - (2) Collection of commercial invoice, Bill of exchange, promissory notes, cheques or other similar documents.
 - (3) Collection of financial documents not accompanied by commercial document.
 - (4) Collection of commercial documents without Bill of exchange. (.....)
35. LIBOR stands for
- (1) London International Borrowing Rates. (2) London International Banks Offered Rates.
 - (3) Lankan Inter Bank Offered Rates. (4) London Inter Bank Offered Rates. (.....)
36. In considering the USD/LKR rate which of the following news is more sensitive?
- (1) US Federal Reserve has increased the rates by 50 bps.
 - (2) Central Bank of Sri Lanka has decreased its policy rates by 50 bps.
 - (3) Trade gap has increased by 20% compared to last year.
 - (4) Sri Lanka government to receive USD 500 million loan from China. (.....)
37. Letter of credit is an agreement mainly between the issuing bank and the importer. Under which issuing bank,
- (1) promises to make payment to an importer.
 - (2) undertakes to make the payment to the importer upon receiving certain certified documents.
 - (3) undertakes to make the payment to the exporter upon the receipt of all the documents involved in.
 - (4) promises to make the payment to the exporter if importer defaults the payment. (.....)
38. International Currency Code of Switzerland is
- (1) SEK (2) EUR (3) CHF (4) SZL (.....)
39. An importer wants to bring the goods to his warehouse and is ready to bear all the costs to that effect. What is the suitable INCO term?
- (1) DAT (2) CAF (3) FAS (4) DDP (.....)
40. What would be the appropriate exchange rate applicable for an import customer of your bank when USD/LKR rate appear as 145.50/60?
- (1) 145.50 (2) 145.55 (3) 145.60 (4) 146.60 (.....)
41. Whistle blower mechanism is an integral part of Bank's policy framework. Whistle blower policy should cover
- (1) the procedures of reporting misconduct and corruption by any level of staff and its confidentiality.
 - (2) the audit process of examining the corruptions and frauds.
 - (3) the accounting procedure to handle accounting differences on a result of frauds and negligence.
 - (4) reporting authority and their obligations towards handling investigation on frauds and errors. (.....)
42. Government Securities are generally considered risk free investment. In this respect which of the following is more appropriate?
- (1) Government Securities do not involve market risk.
 - (2) Government Securities are only free from credit risk.
 - (3) Government Securities are free from both market and credit risk.
 - (4) Government securities are free from all risks. (.....)



43. What is the main reason of the following for a bank normally not in a position to lend 100% of its deposits' base?
- (1) It has to invest part of the deposit proceeds for liquidity purpose.
 - (2) It has to set aside part of the deposit portfolio for the purpose of cash reserve, statutory reserve and liquidity.
 - (3) It has to reserve funds for cash reserve, statutory reserve and liquidity and non-performing.
 - (4) It has to provide for cash reserves. (.....)
44. Over trading is one of the symptoms that reflects business is in dire situation. Over trading is referred to as
- (1) selling over and above the capacity of its capital.
 - (2) attempt by a business to carry out a level of activity with inadequate resources.
 - (3) attempt to maintain high stock and debtor level.
 - (4) purchasing stocks on credit creating enormous debtor position. (.....)
45. In January 2016 Central Bank of Sri Lanka has enhanced the Statutory Reserve Ratio (SRR). Accordingly the present SRR is
- (1) 6.0%. (2) 6.5%. (3) 7.0%. (4) 7.5%. (.....)
46. Loyal customers are important to a company due to the fact
- (1) They would persuade by company pricing strategy.
 - (2) They prefer company's goods than the competitors offers.
 - (3) They are influenced by their parents and friends to buy company's products.
 - (4) They hold deep commitment to re-buy despite situational influences and marketing efforts. (.....)
47. Banks can suffer different types of losses due to cyber risks. In February 2016 hackers managed to transfer money worth USD 101 million from an account at the Federal Reserve Bank of New York to private accounts in Sri Lanka and Philippines. This event is called
- (1) Carbanak attack. (2) JP Morgan Chase data breach.
 - (3) Bangladesh Central Bank attack. (4) Royal Bank of Scotland IT Meltdown. (.....)
48. In which country debt crisis occurred during the period 2011-2012?
- (1) Brazil (2) Russia (3) Turkey (4) Greece (.....)
49. According to the Annual Report for the financial year ended 31st December 2015 People's Bank has achieved a profit before tax amounted to,
- (1) Rs. 12.6 Billion (2) Rs. 14.2 Billion (3) Rs. 19.5 Billion (4) Rs. 20.3 Billion (.....)
50. What was the total Assets of the People's bank for the year ended 31st December 2015?
- (1) Rs. 1027 Billion (2) Rs. 1077 Billion
- (3) Rs. 1177 Billion (4) Rs. 1277 Billion (.....)

* * *

Department of Examinations Sri Lanka ,

Department of Examinations Sri Lanka ,

සියලුම හිමිකම් ඇවිරිණි]
முழுப் பதிப்புரிமையடையது]
All Rights Reserved]

ශ්‍රී ලංකා විභාග දෙපාර්තමේන්තුව / இலங்கைப் பரீட்சைத் திணைக்களம் / Department of Examinations, Sri Lanka

Written Examination for Promotion to the Grade of Assistant Manager (3-III)
in People's Bank - 2016

(02) Second Question Paper

Instructions to Candidates :

Three hours

- This paper consists of **07** parts and **23** questions.
- Part I and II of the paper are compulsory.
- Answer **four** questions from part I and II selecting **two** questions from each part I and II and **four** questions from parts III to VII, selecting not more than **two** questions from any part.
- Candidates are required to answer **eight** questions in all

Part I - Law and Practice of Banking

1. (i) While cheque is a Bill of Exchange there are also differences between the two. What are they? (05 marks)
- (ii) State the circumstances where the paying bank has no authority to debit its customers. (05 marks)
- (iii) State the instances where information regarding a customer may be disclosed by a Bank to a third party. (05 marks)
2. (i) Rohan steals a cheque payable to Ranjith and forges Ranjith's signature in order to transfer the cheque to Dias. Can Dias retain the cheque against Ranjith or enforce it against any prior party other than Rohan? (05 marks)
- (ii) What is the position of the following instances?
 - (a) If Ranjith whose signature on the cheque is forged positively represents Dias that the signature is genuine and Dias acts in reliance on that representation (05 marks)
 - (b) If Ranjith is a 'fictitious or non-existent payee'. (05 marks)
3. Appropriation of payments is relevant from the Banker-Customer relationship where the customer is the debtor and Banker is the creditor (sometimes the roles are reversed) and this entails payments of money by the customer to his accounts from time to time. In this context
 - (i) What do you understand by "Appropriation of Payments" and explain why it is essential for bankers? (05 marks)
 - (ii) Explain the rights of appropriation by the customer and a banker with examples. (10 marks)
4. A collecting banker acts in the capacity of an agent. Therefore it is necessary that he should be reasonably competent, act without negligence and be diligent. Otherwise a collecting banker can be liable for Conversion and Negligence. In this context, state the following.
 - (i) The meaning of 'conversion'. (02 marks)
 - (ii) Statutory defence available to a collecting banker. (03 marks)
 - (iii) The instances a banker would be found negligent and the decided cases if any. (10 marks)

[See page two.

Part II - Various Customer Accounts and Other Bank Services

5. Rodrigo and Co. (pvt) Ltd. obtained a 'status report' on the creditworthiness of East power Ltd (a trading company) with whom they were intending to trade through their own bank, H&P bank (A Commercial Bank).

As a result of acting upon this opinion Rodrigo & Co.(pvt) Ltd. lost heavily. There was no disclaimer clause in the report. Rodrigo & Co.(pvt) Ltd, now wishes to file action against their bank to recover damages on the basis that the report was negligent and breach of duty of care.

Comment on the legal position of H&P Bank.

(15 marks)

6. Your branch receives a notice to say that Mr. Daniel one of the partners of M.R.S. Trading Company (a partnership firm) has been adjudged as a bankrupt. The partnership account is in credit at the time of receiving the order. You find that cheques drawn by the bankrupt partner have been presented to the bank.

(i) State the action you will take on receipt of the bankruptcy order and how you will deal with the situation.

(04 marks)

(ii) In case the partnership account is overdrawn at the time of receiving the order will your action be different? Explain.

(04 marks)

(iii) If the bankruptcy order is on the partnership, how will you deal with the situation? Explain.

(07 marks)

7. Mr. Solomon Perera maintains a current account with your branch. Today, in the morning your branch has received an Income Tax Order for Rs. 625,000 in the name of Mr. Solomon Perera. At the time of receiving the order the balance in the current account is Rs. 656,000. His loan account has a balance outstanding of Rs. 900,000. The loan instalment and interest amounting to Rs. 95,800 is due to be deducted. There is an unrealised cheque for Rs. 52,500. In this context, how you will respond to the Income tax order received from the Inland Revenue Department?

(15 marks)

8. (i) V.K.S. Trading Co. (a partnership firm) wishes to open a current account in your branch. The partners given in the Registration and their ages are:

Ravi Perera - 42 years

Sunil Perera - 37 years

Ananda Perera - 14 years

Premalal Perera - 32 years

(ii) George Fernando who maintains a proprietorship current account with your branch wishes to open a current account in the name of George Fernando (Pvt) Ltd. with him as the only director.

(a) Do you agree to the requests in (i) and (ii) above opening the current accounts? Give reasons for your action.

(05 marks)

(b) In case you decide to open the accounts,

(I) What steps will you take before opening the accounts?

(05 marks)

(II) What documents will you take to open the accounts?

(05 marks)

Part III - Bank Financial Facilities

9. Your branch has finalised a loan proposal to ABC (pvt) Ltd. against the joint and several guarantee of the directors. Today the directors inform you that they offer the freehold premises of the company as additional security. In this regard,

(i) What are the matters you will refer to the manager?

(04 marks)

(ii) In case you are prepared to accept the freehold premises as security, what consideration you will have to protect the bank to cover the security at the required level?

(06 marks)

10. Mr. Chandrapala a businessman maintains a personal and a business current accounts with your branch. He has accumulated lot of wealth that includes both gold biscuits and gold jewellery. He calls at your branch and informs that he has a problem of maintaining liquidity in the business and requests for an overdraft of Rs. 300,000 for a six months period against the personal guarantee of his friend Kumar. You are aware that Kumar is not suitable as a guarantor for the amount requested. However, you want to help him even-though you are not satisfied with him in earlier lending transactions. Chandrapala has never pawned his gold and obtained any facility. In this context how do you convince Chandrapala to pawn his gold and obtain the required facility without the personal guarantee of Kumar? (10 marks)

11. Godwin a customer of ABC bank was approved a loan of Rs. 3.0 million to finance a large project on the sole guarantee of his father Gordon, a Senior Management Executive in a Company. Godwin and his father signed the documents in the bank and at the time Gordon did not inquire about the guarantee. Godwin's project failed and thereby the loan was defaulted. The ABC bank decided to invoke the guarantee. Gordon now takes up the position that he is not liable on the guarantee since he signed the guarantee bond due to the influence and compulsion of his son and that he was not given any information by the bank with regard to the purpose of his guarantee.
As an Assistant Manager in the credit division of your bank, explain briefly on the legal implications of the defence taken by the guarantor Gordon. (10 marks)

Part IV - Credit Supervision and Recoveries

12. Your credit officer wishes to know under what Debt Recovery Act the Parate Execution could be initiated and also the particulars that should be embodied in a resolution to the Board of Directors for auctioning of an immovable property. Explain. (10 marks)

13. Your bank has granted a housing loan of Rs. 1.5 million to Mr. Alwis against the mortgage over a house property on March 2015. The facility is in arrears and you find that your legal officer who executed the mortgage bond has not sent it to Land Registry for registration. Explain the legal position of your bank and practical solutions if any available to minimise the risk to bank. (10 marks)

14. A loan of Rs. 1.0 million was granted to a proprietary firm against the security of stock in trade valued at Rs. 2.0 million about two years ago. The loan account was transferred to non-performing section and instalments were not paid during last 14 months. Today the borrower visited the bank and informed the following reasons for his default:

- (i) An unexpected fire took place 14 months ago, in which his stocks and business premises were burnt.
- (ii) Some of the equipment and fixed assets were included in the stock list.
- (iii) The borrower said that some of the items mentioned in the stock list were purchased on credit and sales proceeds were given to suppliers.

Under the above circumstances your bank is certain that recovery is not possible due to the weakness in the security.

Explain the reasons for the weakness in security and non-recovery of the loan. (10 marks)

Part V - International Banking

15. (i) Mention the **four** main ways for importers to make payment to exporters in international trade. (02 marks)

(ii) The new officer attached to your division requests you to explain the meaning of.

- (a) Documentary credits
- (b) Documentary collections

Advice him.

(08 marks)

[See page four.

Department of Examinations Sri Lanka

16. In international trade, often the buyer or the seller (or manufacturer) will need finance to allow completion of a deal. In this context there are various types of finance facilities your bank grant to importers and exporters. Mention the types of facilities and explain each one of them. (10 marks)
17. Mr. Lionel Perera Managing Director of a newly established company who is in the business of importing motor spare parts and accessories wishes to enter into a Forward Exchange Contract with your bank at the time of establishing a Letter of credit. He had never entered into a Forward Exchange contract earlier and requests you to explain the meaning of Forward Exchange contract and the benefits to the importer by entering into such a contract. Advise him. (10 marks)

Part VI - Branch Operation Activities

18. Like all other organizations your bank also introduced some changes for an enhance growth and improved facilities for your customers. Your branch was also informed about the changes that have to be implemented in your branch. When you called for a meeting and informed the staff, there appears to be resistance for the proposed changes from some staff. Mention the reasons you could attribute for the resistance when introducing changes. (10 marks)
19. You are transferred to a city branch where a target to increase the total deposits by 25% and to increase the profit by 20% during the current year has been given by the Head office. The Manager of the branch requests you to plan out a strategy to achieve the target. How would you plan to increase the deposits and also the profit? (10 marks)
20. Introducing of e-commerce and the development of IT had become a necessity for all banks and financial institutions to make changes in terms of structure, provision of products and services and decision making process in their organizations. In this situation.
- To what extent the introduction of e-commerce in your bank had given advantages to the customers? (05 marks)
 - IT operations are subject to a number of threats which may incur losses to your bank. Name and describe five of them. (05 marks)

Part VII - Marketing, Management and Latest Banking Trends

21. According to John Adair, there are three main activities of leadership for Managers. As a prospective Manager in future what are the three main activities in leading the staff in your branch? (03 marks)
Explain each of them. (07 marks)
22. Your bank is a state bank with a large customer base and hence it has social obligations to the customers and also it is necessary to maximize the long relationship built by the bank with its long standing customers and retain them in the bank. In these circumstances,
- Describe the meaning of "Relationship Marketing". (03 marks)
 - State the ways you could use "Relationship Marketing" to retain your existing customers. (07 marks)
23. Write short notes on any four of the following:
- Corporate governance
 - Intermediation cost
 - TQM
 - Digital signature
 - KIOSK banking
 - Organisational culture

(10 marks)