Q.3   (A)   What is the primary focus of IMF conditionalities? Do you think that complying with primary conditionality will help revive economic activity in Pakistan? If not, why not?
      (B)   What is the biggest stumbling block in reviving Pakistan's industrial activity, and how is it affecting the competitiveness of industrial productivity? Can its impact be reduced in the short-term? If yes, how?

Q.4   (A)   Delayed shipment and discrepant export documents can certainly delay realization of export proceeds. Proceed realization can also be delayed due to the problems importers face because of the global financial crisis. What other reasons could delay realisation of export proceeds.
(B)   To waive defaults in export re-finance loans due to delays in realizing export proceeds, SBP extended the 180-day term of export re-finance to 360 days. Did this decision have a positive impact on the Rupee's exchange rate? If not, why not?
(C)   Banks now provide foreign exchange for total import of petroleum products. With exports still well below imports and inward remittances gradually falling, how will Rupee's exchange rate change?

Q.5   Liquidity management has been the major weakness of the banking sector. It is now being realised that liquidity is primarily to be managed by the branches.

   A.   Do you agree with this changed perception, and if so, why?
   B.   List three main administrative steps to be taken by Branch Managers to ensure sound ALM?

Q.6   Every bank out-sourced its security service in the past eight years.

   A.   Was this a successful experiment in the light of experience?
   B.   What are the three major flaws in private security companies?
   C.   If this policy is to be reversed, how should a bank re-organize it as a department?

Q.7   Banks are now shunning consumer finance because of the losses suffered in 2008-2009:

   A.   Does it imply that consumer finance is bad or does it disclose banks' own failure? What were that causes of consumer loan losses?
   B.   What regulatory or legal changes and arrangements can minimize risk in consumer finance and revive this line of business? List at least two such major changes or arrangements.

Q.8   In 1992, a firm imported a plant for extracting pulp from a particular type of wood for manufacture of ordinary paper. The firm could not start its operations but had the plant installed and kept maintaining it. Now it wants to start production because it claims it can produce pulp at a price much cheaper than international price and will be the only plant in this business in Pakistan. Keeping in view the current buying practices in paper market, to extend term finance to this firm some issues require your attention and investigative work:

(A)   What would be the most important steps in your investigative exercise?

(B)   The firm claims it has a major cost advantage over international market prices. Who is now Pakistan's main paper supplier, and will that supplier allow this advantage to last? Can you depend on it?

(C)   Which sectors of the market you need to assess and with what consideration in mind?

(D)   In Pakistan, is there a risk involved in being the sole manufacturer of an item of common use?

Q.9   (A)   While issuing guarantees providing for claims to be paid in a foreign currency where the parties on whose behalf these guarantees are issued can pay claims only in Pak Rupees, does the bank take a foreign exchange risk? How can or should the bank limit the loss arising from such claims that may or may not be paid? Suggest the cover/contract type and your reasons for preferring it.

(B)   In early February this year FATF placed Pakistan in the category of the most dangerous countries as far as money laundering and terrorism financing are concerned. Why was this action taken? What will be the impact of this move on foreign trade and remittance transactions from and to Pakistan? For a start, how should banks prepare for facing this challenge?

(C)   The global financial crisis has forced the European Union to consider a radical change in regulation of the banking sector. What is that change and what is going to be its scope?