

UNIVERSITY OF COLOMBO, SRI LANKA
FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration in Finance
(Level II - Semester VII) Examination (March - 2010)

FIN 2109 – International Banking

One (01) Hour
Answer All Questions

1. “ Internationalization of banking provides a great opportunity to draw a global capital pool rather than entire domestically generated funds to finance investments regardless the economies are developed or emerging markets” Elaborate this statement.

(35 Marks)

2. i. One of the criteria used to measure the development of banking industry is the quantity and quality of the financial services it offers. Given this context, how do you measure the stand of development of the banking industry in Sri Lanka.

(20 Marks)

- ii. It is evident that the banking industry in Sri Lanka faces certain major challenges when comparing with that of the region. Identify these challenges and develop arguments on how these challenges can be converted in to opportunities to achieve the development goals of the banking industry of Sri Lanka.

(20 Marks)

(Total 40 Marks)

3. Banking Soundness Index (BSI) is used in a number of countries as part of the financial stability analysis to gauge the resilience of the banking system over time. The Central Bank of Sri Lanka has constructed a simple BSI on an experimental basis, using the weighted average of partial indicators of the financial soundness of banks.

Briefly explain the six sub-indices of Banking Soundness Indicators (BSI) of Sri Lanka.

(35 Marks)
