

UNIVERSITY OF COLOMBO

FACULTY OF ARTS

SECOND YEAR EXAMINATION IN ARTS (ECONOMICS) 2017/2018

END OF THE SECOND SEMESTER

ECN: 2214 PRINCIPLES AND PRACTICES OF BANKING

TIME ALLOWED: TWO (02) HOURS

Answer four (04) questions only

Question No 01

- i. Explain the main functions of a financial system. Examine the importance of these functions on economic management. [8 Marks]
- ii. Explain different types of financial institutions you have observed in the Sri Lankan financial system. [7 Marks]

Question No 02

- i. Critically examine the contribution of financial intermediaries to the financial system. [8 Marks]
- ii. Different types of financial transformations are performed by financial intermediaries in an economy. Explain four main types of financial transformations you have studied. [7 Marks]

Question No 03

- i. Explain various forms of risks faced by Banks [8 Marks]
- ii. Briefly explain the reasons for risks in the Banking Industry. [7 Marks]

Question No 04

- i. "A bank is a firm that takes deposits from households and firms and makes loans to other households and firms". Briefly discuss the main functions of commercial banks. [7 Marks]
- ii. Describe the nature and different types of banker - customer relationship. [8 Marks]

Question No 05

- i. Define a Cheque and briefly explain the main elements of a Cheque. [7 Marks]
- ii. Describe the difference between general and secondary crossing of a Cheques.

[8 Marks]

Question No 06

- i. How the assessment of a borrower on the basis of C5 concept helps a banker to identify a genuine borrower? [8 Marks]
- ii. Discuss the main features of good collateral by using practical examples. [7 Marks]

Question No 07

Briefly describe any three (3) of the following.

- i. Debit and Credit cards
- ii. Non Resident Foreign Currency (NRF'C) Accounts
- iii. Electronic and Digital Banking
- iv. Savings/Demand and Term deposits
- v. Central Bank of Sri Lanka

[05 Marks per each]
