MODEL QUESTION – SET 2

Model Question by ibbprep.com

JAIBB

Laws and Practice of General Banking (LPGB)

Subject Code : 1 0 4

Time—3 hours

Full marks—100

Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer the questions as mentioned in different parts.]

Part A—Broad Questions

(Answer any two questions)

Marks—20×2 = 40

1. *(a)* Define Money Laundering under the Money Laundering Prevention Act, 2012. What are the punishments for providing false information under the Act? **10**

(b) Discuss the stages of money laundering and the responsibilities of reporting organizations in its prevention. **10**

2. *(a)* Who are the authorized dealers in Bangladesh under FERA, 1947? Define "Blocked Account" and "Special Account". **3+7=10**

(b) What is meant by Enhanced Due Diligence (EDD)? How does it differ from Customer Due Diligence (CDD)? **10**

3. *(a)* Define Hundi. Can it be considered a negotiable instrument? **6**

(b) What are the reasons for sending money through Hundi, and how does it affect the economy of Bangladesh? **7+7=14**

4. *(a)* Discuss the main provisions of the Deposit Insurance Act, 2000. What are the responsibilities of member institutions under the Act? **5+7=12**

(b) What is digital banking? How does it differ from conventional banking, and what are its main features? **3+5=8**

Part B—Mathematical Problem

(Answer any one question)

Marks—10×1 = 10

5. A customer wants to know the exact interest payable on a Fixed Deposit Receipt (FDR) of BDT 12.00 lakh for a tenure of nine months. Assuming the current interest rate on fixed deposits is 9% per annum, calculate the exact amount of interest payable at maturity.

6. XYZ Bank has the following financial data as of December 31st:

Tier-1 Capital: BDT 1,200 crore Tier-2 Capital: BDT 400 crore

Deductions from capital: BDT 150 crore Total Risk Weighted Assets (RWA): BDT 14,500 crore

(a) Calculate the Capital Adequacy Ratio (CAR) of the bank.

(b) Assess whether XYZ Bank complies with the minimum regulatory capital requirement, including the capital conservation buffer, as per Bangladesh Bank guidelines.

Part C—Problem Solving

(Solve any one case)

Marks—20×1 = 20

7. Case-1: Suspicious Transaction and Reporting Obligation

Review the following case study and answer the questions that follow.

Background: Mr. Anisur Rahman, an electronics retailer, has been maintaining a current account with your branch for three years. At the time of opening the account, he declared an average daily transaction volume of BDT 3,00,000 from his retail business. Over the last two months, however, his account has shown daily transactions ranging from BDT 15,00,000 to BDT 18,00,000, mostly in cash deposits followed by same-day transfers to several newly opened beneficiary accounts. When queried informally, Mr. Rahman explained that he had "expanded into wholesale supply," but could not produce supporting invoices when asked.

(i) Identify the red flags present in this case that indicate a suspicious transaction. **5**

(ii) Discuss the bank's obligations under the Money Laundering Prevention Act, 2012 upon identifying such a pattern. **5**

(iii) Explain the difference between an STR and a CTR, and which would apply here. **5**

(iv) Outline the steps the branch should take, including internal escalation and reporting to Bangladesh Bank. **5**

8. Case-2: Willful Default by M/S Green Valley Textiles Ltd.

Review the following case study and answer the questions that follow.

Background: M/S Green Valley Textiles Ltd., a garments manufacturer, availed a term loan of BDT 300 crore from PQR Bank in 2021 for setting up a new production unit. By early 2026, the company defaulted on repayments. Investigation revealed that a substantial portion of the loan had been diverted to purchase real estate in the directors' personal names, the factory construction remained largely incomplete, and the directors continued to acquire luxury assets abroad despite the default. The bank has classified the loan and is considering declaring the company a willful defaulter under Bangladesh Bank guidelines.

(i) Define "willful defaulter" as per Bangladesh Bank guidelines. **5**

(ii) Based on the facts, identify and explain the actions that justify classifying Green Valley Textiles Ltd. as a willful defaulter. **5**

(iii) How does classification as a willful defaulter affect the company's future access to credit? **5**

(iv) Should the directors be held personally liable? Justify your answer. **5**

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

9. Compare and contrast between any five of the following:

(a) CTR vs STR **2**

(b) CDD vs EDD **2**

(c) Nostro Account vs Vostro Account **2**

(d) Bank Rate vs Lending Rate **2**

(e) Money Changer vs Authorized Dealer **2**

(f) Fixed Charge vs Floating Charge **2**

(g) Broad Money vs Narrow Money **2**

(h) Repo vs Reverse Repo **2**

Part E—Short Questions

(Answer all the questions)

Marks—2×10 = 20

10. Briefly answer the following:

(a) What is the threshold limit for CTR reporting? **2**

(b) Define e-KYC. **2**

(c) What is meant by Contact Point Verification (CPV)? **2**

(d) What is a Politically Exposed Person (PEP)? **2**

(e) What is a Suspicious Transaction Report (STR)? **2**

(f) Define ethical risk in banking. **2**

(g) What is meant by "predicate offence" under the Money Laundering Prevention Act, 2012? **2**

(h) What is RTGS? **2**

(i) What is meant by a Deposit Insurance Trust Fund (DITF)? **2**

(j) What are Mobile Financial Services (MFS)? **2**