MODEL QUESTION – SET 9

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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 the stages of money laundering under the Money Laundering Prevention Act, 2012, with examples of each stage. **10**

(b) What is a correspondent banking relationship? Discuss the due diligence measures a bank should apply before establishing one. **10**

2. *(a)* What is a Non-Resident Foreign Currency Deposit (NFCD) account? What documentation is required to open one? **4+6=10**

(b) Discuss the offences and penalties prescribed under the Money Laundering Prevention Act, 2012. **10**

3. *(a)* What is a Resident Foreign Currency Deposit (RFCD) account? Who is eligible to open one? **10**

(b) Define “beneficial ownership” and discuss why identifying the beneficial owner of an account is important for AML compliance. **10**

4. *(a)* What is wire transfer transparency? Discuss the information that must accompany a wire transfer under Bangladesh Bank guidelines. **10**

(b) Discuss the general and special relationship between a banker and a customer, including the duty of secrecy. **10**

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 7.00 lakh for a tenure of five months. Assuming the current interest rate on fixed deposits is 8.75% per annum, calculate the exact amount of interest payable at maturity.

6. Mrs. Shirin obtained a term loan of BDT 9,00,000 from a commercial bank at an interest rate of 10% per annum, repayable in Equal Monthly Instalments (EMI) over 4 years. Calculate:

(a) The EMI amount payable.

(b) The total interest payable over the loan tenure.

Part C—Problem Solving

(Solve any one case)

Marks—20×1 = 20

7. Case-1: Layering Through Multiple Shell Accounts

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

Background: A newly opened current account in the name of "Bright Future Enterprise" received an inward remittance of BDT 50,00,000 from an overseas trading company within a week of opening. The funds were almost immediately transferred in smaller tranches to five different individual accounts at other banks, none of which appeared to have any business relationship with Bright Future Enterprise. The account holder could not provide satisfactory documentation of the underlying trade transaction when queried.

(i) Identify which stage of the money laundering cycle this pattern represents, and explain why. **5**

(ii) What red flags should have been identified by the bank at the account-opening stage? **5**

(iii) What is the bank's reporting obligation under the Money Laundering Prevention Act, 2012 in this situation? **5**

(iv) What preventive measures could the bank adopt to detect such patterns earlier? **5**

8. Case-2: Inconsistent Profile on an NRB Remittance Account

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

Background: Mr. Aslam Sheikh, a Bangladeshi expatriate working abroad, maintains a Non-Resident Foreign Currency Deposit (NFCD) account with your branch. Over the past six months, the account has received remittances far exceeding his declared monthly income, with several large deposits credited from different remitters unrelated to his declared employer.

(i) What is an NFCD account, and what documentation is required to open one? **5**

(ii) What red flags does this pattern present from an AML perspective? **5**

(iii) What due diligence measures should the bank apply to Non-Resident Bangladeshi (NRB) accounts? **5**

(iv) What steps should the bank take in response to this pattern of transactions? **5**

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

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

(a) Lease vs Mortgage **2**

(b) Adhesive Stamp vs Impressed Stamp **2**

(c) NPSB vs RTGS **2**

(d) Mobile Financial Services (MFS) vs Internet Banking **2**

(e) Banker’s Right of Set-off vs Right of Appropriation **2**

(f) KYC vs AML **2**

(g) Trust Account vs Agency Account **2**

(h) Cash Credit vs Overdraft **2**

Part E—Short Questions

(Answer all the questions)

Marks—2×10 = 20

10. Briefly answer the following:

(a) What is layering in the money laundering cycle? **2**

(b) Define placement in the money laundering cycle. **2**

(c) What is integration in the money laundering cycle? **2**

(d) Define a shell company. **2**

(e) What is a correspondent bank? **2**

(f) What is meant by wire transfer transparency? **2**

(g) Define a Non-Resident Foreign Currency Deposit (NFCD) account. **2**

(h) What is a Resident Foreign Currency Deposit (RFCD) account? **2**

(i) What is the purpose of a suspicious activity monitoring system? **2**

(j) Define beneficial ownership threshold. **2**

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