Roll No…………

GL BAJAJ
Institute of Management & Research, PGDM Institute
Greater Noida
FIND YOUR SPARK

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2023-25)
END TERM EXAMINATION (TERM -III)

Subject Name: **Banking, Financial Services and Fintech** Time: **02.00 hrs**
Sub. Code: **PGF33** Max Marks: **40**

Note:
All questions are compulsory. Section A carries5 marks:5 questions of 1mark each,Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

CO1- Students will be able to understand Fundamental of the financial services to apply them for smooth functioning of business.
CO2 - Students will be able to understand Fundamental of the financial services to apply them for smooth functioning of business
CO3 - Students will be able to develop understanding of the industry by knowing who is driving innovation and how FinTech will have a lasting impact
CO4 - Students will be able to understanding the complex, dynamic nature of the Blockchain and its impact on a business

SECTION - A

Attempt all questions. All questions are compulsory. **1×5 = 5 Marks**

Questions	CO	Bloom's Level
Each answer must not exceed 100 words: **Q. 1: (A). "**Blockchain technology allows the transfer of currency with confidence that the transaction is secure and reliable." Explain **Q. 1: (B).** Vivek is a Delhi-based IT professional holding the credit cards of two large banks for several years. Yet, when it came to buying an I-Phone, he opted for an instant loan. Why? **Q. 1: (C).** How are traditional banks adapting to technological disruptions in the banking sector? **Q. 1: (D).** Analyze the impact of Insurtech solutions in reshaping customer experiences **Q. 1: (E)**. "A Payment Banks could aspire to become Small Finance Bank and at some later stage may be a Universal Bank." Comment where payment banks of India stand today?	CO1	L5

SECTION – B

All questions are compulsory (Each question have an internal choice. Attempt any one (either A or B) from the internal choice) **7 x 3 = 21 Marks**

Questions	CO	Bloom's Level
Q. 2: (A). Based on the IMF's Financial Access Survey data, what evidence exists regarding the effectiveness of various financial inclusion initiatives (e.g., mobile banking, microfinance) in improving access to financial services for underserved populations? (7 marks)	CO2	L4
Q. 2: (B). What are the key demographic or geographic factors contributing to	CO2	L4

disparities in financial access within and across countries, as revealed by the IMF's Financial Access Survey data? (7 marks)

Q. 3: (A). Calculate Capital Adequacy ratio of XYZ Bank Ltd using the following data:

CO2 L4

Particulars	**Exposure**	**Risk Weight**
Government Treasury held as asset	15,00,00,000	0%
Loans to Corporate	1,50,00,00,000	10%
Loans to Small Business	80,00,00,000	20%
Guarantee and other non-balance sheet exposure	60,00,00,000	10%

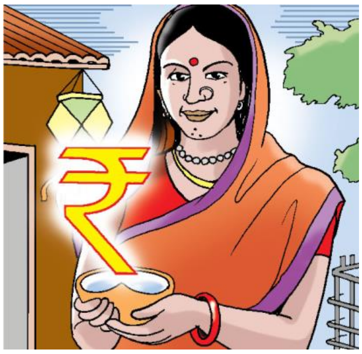
The Bank’s Tier I and Tier II capital are Rs 2,00,00,000 and Rs 3,00,00,000 respectively.
Comment upon the Bank’s position keeping in mind BASEL III norms. (7 marks)

Q. 3: (B). Explain the CAMELS model for supervision used by RBI. (7 marks)

CO2 L4

Q. 4: (A). In 300words write an analysis of the picture given below and the message it conveys about Banks and Banking. (7 marks)

CO4 L4



Or

Q. 4: (B). How do various components of the Indian financial system, such as banks, non-banking financial institutions (NBFCs), and capital markets, interact to facilitate economic growth and development? Also explain how Blockchain and other innovative financial services are changing the face of financial sector. (7 marks)

CO4 L3

SECTION - C

Read the case and answer the questions **7×02 = 14 Marks**

Questions	**CO**	**Bloom’s Level**
Q. 5: Case Study: **All public sector banks recorded decline in NPAs over last 6 months: Survey** *(Press Trust of India I New Delhi Last Updated : Mar 21 2024 | 7:33 PM IST)* All public sector banks in India showed a reduction in non-performing asset levels over the last six months while only 67 per cent of private sector banks reported a decline during the period, said a FICCI-IBA Bankers' survey released on Thursday.	CO3	L5

The survey revealed that 77 per cent of the respondent banks reported a decrease in the NPA levels in the last six months, with public sector banks reporting better asset quality as compared to their private sector counterparts. The 18th round of the FICCI-IBA Bankers' survey was carried out for the period July to December 2023. A total of 23 banks, including public sector, private sector and foreign banks, participated in the survey. These banks together represent about 77 per cent of the banking industry, as classified by asset size.

Over half of the banks covered in the FICCI-IBA Bankers' unveiled on Thursday believe that gross non-performing assets would be in the range of 3-3.5 per cent over the next six months.

"All responding public sector banks (PSBs) have cited a reduction in NPA levels while amongst participating private sector banks, 67 per cent of banks have cited a decrease. None of the respondent PSBs and foreign banks have stated an increase in NPA levels over the last six months while 22 per cent of private banks reported an increase," the survey highlighted.

Amongst the sectors that continue to show a high level of NPAs, most of the participating bankers identified sectors such as Food Processing, Textiles, and Infrastructure.

The survey also suggests that the outlook for non-food industry credit over the next six months is optimistic with 41 per cent of the participating banks expecting non-food industry credit growth to be above 12 per cent while 18 per cent feel that non-food industry credit growth would be in the range of 10-12 per cent. Moreover, 36 per cent of the respondents are of the view that non-food industry credit growth would be in the range of 8-10 per cent.

"Over half of the respondent banks in the current round believe that Gross NPAs would be in the range of 3-3.5 per cent over the next six months. 14 per cent of respondents are of the view that NPA levels would be in the range of 2.5-3 per cent," FICCI stated. As such, term deposits have picked up pace as reported by the respondent banks. Further, around 70 per cent of respondents have reported a decrease in the share of CASA deposits in total deposits.

According to the survey, 65 per cent of respondent banks reported credit standards for large enterprises to have remained unchanged as against 54 per cent in the last round. Respondents reporting easing of credit standards has decreased to 17 per cent in the current round as against 29 per cent in the previous round while those reporting tightening in credit standards were largely the same as in the previous round. For SMEs too, 64 per cent of the respondent banks reported no change in credit standards in the current round, and 27 per cent have reported easing of credit standards.

"India's economy held relatively well (7.6 per cent) in FY24 compared to other major economies driven by strong investment growth and a rebound in industrial activity."Credit growth also continued to rise, supported by factors such as economic expansion and a continued push for retail credit which has been supported by improving digitalisation. The banking sector's clean balance sheets support further loan growth going forward," Ficci stated.

The survey findings show that long-term credit demand has seen continued growth for sectors such as Infrastructure, Metals, Iron and Steel, Food Processing. Infrastructure is witnessing an increase in credit flow with 82 per cent of the respondents indicating an increase in long-term loans as against 67 per cent in the previous round.

Customers' search for higher rates and the ability to lock those interest rates for a longer time has led to a shift in favour of term deposits, found the survey.

Over 40 per cent of respondents have reported a decrease in requests for restructuring of advances in the current round of the survey as compared to 54 per cent in the previous round.The proportion of respondent banks citing an increase in requests for restructuring of advances was 17 per cent, which is the same as in the previous round. Bank-wise analysis revealed that 50 per cent of participating PSBs have cited a decrease in requests for restructuring of advances while 30 per cent of such respondents have reported an increase in such requests.

As per respondents, some of the sectors that may continue to show NPAs over the next six months include textiles and garments, agriculture and gems and jewellery.

(Source: https://www.business-standard.com/industry/banking/all-public-sector-banks-recorded-decline-in-npas-over-last-6-months-survey-124032100629_1.html)

Questions:

Q. 5(A) What underlying factors might contribute to the discrepancy between public sector banks (PSBs) and private sector banks in their ability to reduce non-performing asset (NPA) levels, as highlighted by the FICCI-IBA Bankers' survey? How might differences in organizational structure, risk management practices, and government intervention influence the NPA reduction strategies of these banks? (7 marks)

Q. 5 (B) Considering the sectors identified as continuing to exhibit high levels of NPAs, such as Food Processing, Textiles, and Infrastructure, what systemic challenges might be contributing to the persistent NPA problem in these industries? Furthermore, how can policymakers, financial institutions, and industry stakeholders collaborate to address these challenges and mitigate the risk of NPAs in key sectors of the economy? (7 marks)

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	5Marks
CO2	14 Marks
CO3	14 Marks
CO4	7 Marks

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering
L2= Understanding
L3= Apply
L4= Analyze
L5= Evaluate
L6= Create