**Questions — Banking**

1. Describe the structure and principles of organization of the banking system. Explicate all principles of banking, and functions of banks as financial intermediaries
2. Illustrate tiers of banking system. Functions and main activities of credit institutions
3. Governing bodies of private banks. Organizational (hierarchical) structure of a private bank
4. Distinctions of banks from other credit institutions. General and specific differences of banks from MFIs. Distinctions between the banks and MFIs in terms of sources of funding
5. All core functions, consequences and necessity of banking supervision
6. Describe all functions of central banks
7. Provide definition and essence of quantitative controls
8. Qualitative (selective) controls: state all types of these, provide definition, essence and limitations
9. Bank rate policy – assumptions and limitations
10. Give details of open market operations. Illustrate open market operations’ advantages and limitations
11. Cash Reserve Ratio. CRR and bank credit
12. Concept of correspondent accounts. Provide and explain a payment scheme where a client of one bank effects a payment in favour of another client
13. Three options set by the Central Bank if case commercial banks do not meet the minimal requirement to their authorized capital (case of Azerbaijan)
14. Four principles of private banks
15. Structure of assets. Give breakdown of features of assets
16. Relation between liquidity level and demand on specified objects of bank allocation
17. Highly liquid, liquid, and long-term liquidity assets. Explain definition of “deep” assets. Explicate “time gap” (suitability in terms) between borrowings and their allocations
18. Liquidity ratios, capital adequacy and profitability ratios. Debt ratios and their economic meaning
19. Classification of bank risks. Credit, market, liquidity, financial and industry risks
20. Provide separate explanation and economic meaning of liquidity and profitability
21. Managing the liquidity and solvency of a commercial bank. Performance analysis in a commercial bank
22. Organization and procedure of corporate lending. Assessment method of the creditworthiness of the borrower
23. Internal committees. Explicate in detail all committee. Their role in banks’ management
24. What is factoring? Define detailed mechanics, parties involved along with eight steps in factoring. Draw a scheme depicting the factoring process
25. Detail four types, and pros and cons of factoring
26. What is forfaiting? Mechanism, how different it is from international factoring. Essential requisites of forfaiting transactions. Define detailed mechanics of forfaiting
27. Working capital as financial metric. Its goal. Objective of working capital management. Working capital formula vs. working capital ratio. What does negative working capital show? What an idea does it give to investors? The worst-case scenario
28. Portfolio management in commercial banks. Main aim, meaning and objectives
29. Liquidity, safety and profitability as objective of portfolio management
30. Seven principles for effective loan portfolio and risk management