

PRACTICAL CORPORATE TRAINING MODULES EXAMINATIONS (PCTME)

< Day, the dd mm yyyy >

Extra Reading Time: 15 Minutes
Time Allowed: 02 Hours

Maximum Marks: 100

Roll No.:

INSTRUCTIONS TO THE EXAMINEES:

- (i) Attempt all sections of the question paper.
- (ii) Write your Roll No. in the space provided above.
- (iii) Answers must be ticked/ submitted in online CBE Application, for Section-A – Multiple Choice Questions (MCQs), and typed in provided solution file(s) available on desktop of allocated PC, for Section-B – Short Cases, and should be relevant and brief. It is not necessary to maintain the sequence.
- (iv) Use of non-programmable scientific calculators is allowed.
- (v) Read the instructions printed on the Top Cover Sheet CAREFULLY before attempting the paper.
- (vi) In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, effective presentation, language and use of diagram/ chart, where appropriate.
- (vii) DO NOT write your Name, Reg. No. or Roll No., or any irrelevant information inside the answers/ solutions.
- (viii) Question No. 1 – “Section-A – MCQs” available separately through CBE Application, is an integral part of this question paper.
- (ix) **Question Paper, along with Working Sheet(s), must be attached with the provided Top Cover Sheet before leaving the examination hall.**

DURING EXTRA READING TIME, WRITING/ TYPING IS STRICTLY PROHIBITED**SECTION-A – MULTIPLE CHOICE QUESTIONS (MCQs)**

[Hint: Examinees are supposed to attempt the given MCQs, using online CBE Application through Exam Supervisor's Password and submit the answers before quitting exam session.]

Question No. 1**Suggested Time : 15 Min. ✱ Total Marks : 30****Multiple Choice Questions [MCQs]**

Attempt all MCQs, choosing most appropriate answers as appear on computer screen [illustrated below for understanding]:

1. A _____ is an association of two or more people united by a common interest or goal.
 - ☐ club
 - ☐ charitable organization
 - ☐ joint-stock company
 - ☐ None of the above
2. Under which of the following principle(s), an Islamic insurance company operating a takaful fund must operate?
 - ☐ It must operate according to Islamic cooperative principles.
 - ☐ A reinsurance commission may only be received from or paid out to Islamic insurance and reinsurance companies.
 - ☐ The insurance company must maintain two separate funds.
 - ☐ All of the above

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20. The cheques, collected by bankers, may be divided into the following main category(ies):

- ☐ cheques drawn on the collecting branch.
- ☐ cheques drawn on other branches of the collecting bank.
- ☐ cheques drawn on other banks.
- ☐ All of the above

SECTION-B – SHORT CASES

[Hint: Examinees are supposed to attempt the given cases, using MS Word Template through the given Password <*****> and attach the printouts of solutions with provided Top Cover Sheet, duly signed by the Invigilator, before leaving the exam lab.]

Question No. 2

Suggested Time : 21 Min. ✱ Total Marks : 14

Mr. Asif, a businessman engaged in the trading of garments on medium scale, is maintaining two accounts with ABC Bank since 2010 as a normal customer. One account is maintained as individual business account and the other account is a salary account. Mr. Asif is also serving as a Senior Bureaucrat in Excise & Regulatory Department. The garment business of Mr. Asif is cash based with monthly turnover of approximately Rs. 40 million.

After a passage of time, the bank's Transaction Monitoring Department noticed that frequent walk-in customers were depositing cash in the business account of Mr. Asif. On conducting enquiry, the bank came to know that these customers were importers of foreign goods and subsequently deposited amount was either withdrawn through cheques or transferred online to foreign bank accounts. The cheque/ cash depositing staff of ABC Bank was ignoring these transactions, assuming that all these transactions belonged to his garments business. Due to these transactions, turnover of his business account showed a rapid increase from Rs. 3 million to Rs. 40 million.

KYC (know your customer) of Mr. Asif states that one account was maintained for garments business and the second account was for salary purpose, and, hence, both were marked as 'low risk'.

Required:

- (a) Describe any three (3) KYC requirements.
- (b) What are the compliances and customer due diligence (CDD) lapses related to maintaining the account by Mr. Asif?
- (c) Considering above scenario, what would you recommend to ABC Bank?

Question No. 3

Suggested Time : 30 Min. ✱ Total Marks : 20

An Islamic bank's car Ijara is based on Islamic principles of Ijara. An Islamic bank and Mr. Ashrafi are going to be entered into an Ijara contract under Islamic banking terms and conditions. The contract covers the following features:

- ✓ Bank's car Ijara has been structured to comply with the tenets of Shariah, which has been developed in consultation with the bank's Shariah Advisor.
- ✓ All the principles and rules pertaining to Ijara agreements are strictly adhered to. Therefore, an Ijara facility is free from Ribah.
- ✓ Original shareholders and investors' money will be used in the car Ijara business of the bank. Islamic Bank may take a security deposit from Mr. Ashrafi at the inception of the Ijara.

- ✓ Mr. Ashrafi will pay monthly rentals for the use of the car obtained under the Ijara scheme. All risks and rewards of assets will be vested in Islamic Bank.
- ✓ All expenses of normal wear and tear will be borne by Mr. Ashrafi.
- ✓ Rentals under the scheme will be calculated such as to keep the rentals in line with the leasing market.

Required:

- (a) How do insurance needs differ under the conventional leasing and Islamic leasing?
- (b) What are the key Shariah requirements for Ijara contract?
- (c) Would a car Ijara be structured identically to a home purchase Ijara?

Question No. 4

Suggested Time : 24 Min. ✱ Total Marks : 16

Salman & Co. is a Karachi-based company and deals in the sale of ready-made garments in the domestic market. Having captured the market in Pakistan and established its brand name, the company decided to enter into the global trade. As, the son of the company's owner, Mr. Iqbal, returned from abroad after taking management degree from a reputed UK university and expressed his willingness to take charge of the foreign trade business.

Using his [Mr. Iqbal] contacts in the foreign market, the company received its first export order for Rs.10 million for the supply of ready-made garments. He rightly opted for the route of irrevocable letter of credits (L/Cs) through a reputed bank. He assumes that all L/Cs are irrevocable under Uniform Customs and Practice for Documentary Credits (UCP). The L/C was established and it was advised through SMB Bank, Karachi. Having been delighted to get a L/C for his first export order, he sat for reviewing the conditions of the L/C with reference to the pro-forma invoice he sent to the buyer quoting the terms and conditions of the offer. The issuing bank will honour the payment against L/C once all the conditions are fulfilled by the buyer and seller.

Required:

- (a) How does letter of credits (L/Cs) work?
- (b) Are all L/Cs irrevocable or there are any kind of revocable L/C exist in Pakistan?
- (c) Keeping in view the above case, briefly explain the role of parties involved in L/C.

Question No. 5

Suggested Time : 15 Min. ✱ Total Marks : 10

- (a) Define Basic Banking Account (BBA)?
- (b) Term deposits are investment options offered by banks where the account holders deposit their savings for a certain 'term' or period of time – upon which it would earn a particular percentage as profit. Explain the features of Term / Fixed Deposit Accounts.

Question No. 6

Suggested Time : 15 Min. ✱ Total Marks : 10

- (a) How a bill of exchange is used in the business world?
- (b) Explain the importance of digital banking system?

THE END