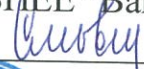


**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
STATE HIGHER EDUCATIONAL ESTABLISHMENT  
"BANKING UNIVERSITY"**

APPROVED

Chairman of the Admission Committee  
SHEE "Banking University"



T.S. Smovzhenko

15 of March 2017



**PROGRAMME**  
**of testing for foreigners and stateless people**  
**for the competitive selection of applicants to SHEE " Banking**  
**University "**  
**to obtain Master's degree**  
**in the field 072 «Finance, banking and insurance»**

**Kyiv 2017**

**Compiler:**

Lapishko Z. Y. PhD, Associate Professor of the Finance Department of the Lviv Institute of SHEE «Banking University».

Hirnyak V. V. PhD, Associate Professor of the Finance Department of the Lviv Institute of SHEE «Banking University».

Dunas N. V. PhD, Associate Professor of the Banking Department of the Lviv Institute of SHEE «Banking University».

Mykolyshym M. I. PhD, Lecturer of the the Finance Department of the Lviv Institute of SHEE «Banking University».

**Reviewers:**

Zamaslo O. T. PhD, Associate Professor of the Finance, Money and Credit Department of Lviv National University named after Ivan Franko.

Considered and approved at the meeting of Foreign Languages Department in the Lviv Institute of SHEE "Banking University" February 13, 2017 (Minutes № 9).

Considered and agreed at the meeting of the Educational and Methodical Council of SHEE "Banking University" March 14, 2017 year (Minutes №6 ).

Considered and approved at the meeting of the Admission Committee of SHEE "Banking University " March 15, 2017 (Minutes №25 )

## INTRODUCTION

The program of interview for foreigners and stateless people for the competitive selection of applicants to Banking University for obtaining educational master's degree 072 «Finance, banking and insurance» for full-time and distance learning is based on synthetic interdisciplinary principle and consists of individual sections, each of which integrates material in specific functional areas.

The program of interview for foreigners and stateless people for the competitive selection of applicants to Banking University for obtaining educational master's degree is to identify the knowledge and skills in specified by industry of higher education standards for the specialists of educational degree "bachelor".

The program of interview for foreigners and stateless people for the competitive selection of applicants to Banking University for obtaining educational master's degree comprises the questions from following professional disciplines:

1. Finances
2. Insurance
3. Financial Markets
4. Banking

## TEST PATTERN

The examination for the applicants will consist of 50 one-choice questions. Each correct answer is estimated at 2 points ( $50 \times 2 = 100$  points). For the applicant the minimum *mark* needed to *pass* an examination is - 52 points.

**The program  
of interview for foreigners and stateless people for obtaining educational  
master's degree in the field 072 «Finance, banking and insurance».**

**FINANCE**

**Topic 1. Essence of finance, its functions and role.**

Finance as a science and as an economic category. The historical aspect of formation and development of finance. Functions of finance and their role in a market economy.

**Topic 2. Financial system.**

The essence of the financial system. Features of its construction and character of components of the financial system. Features of the organizational structure of the financial system.

**Topic 3. Financial policy and financial mechanism.**

Legal basis of financial relations. The nature and value of financial policies as part of economic and social policy. The financial mechanism, its role in the market economy. Financial planning, types of financial plans, their characteristics. Essence of the financial control.

**Topic 4. Taxes. The tax system.**

The determination of taxes as economic categories. Taxes and other forms of payments in the budget. Place and role of taxes in the structure of the financial mechanism of the state. Classification of taxes and their features.

The tax system of the state. The determination of tax policy and their directions. Basic principles of tax policy.

**Topic 5. Budget. The budget system.**

The essence, purpose and role of the budget. Parts of the budget, their formation and use. The budget deficit and its species. Methods of restrictions and ways to reduce the budget deficit.

Budget process and its stage. The main participants in the budget process.

**Topic 6. State credit. State debt.**

The economic essence and the role of the state credit in the state's financial resources formation. Forms, types and functions of the state credit.

The definition and the classification of the state debt. External and internal state debt. The features of Debt Management.

**Topic 7. Finance of business entities.**

The features of the financial activities of business entities. The financial resources of the company, their formation and exploitation. The financial condition of the company. The main sources of information for assessment the financial condition of the company.

### **Topic 8. Financial Markets.**

Place or the financial market in the financial system. The subjects of the financial market. The State as a subject of the financial market. Necessity for the financial market regulation.

The structure of the financial market. Money market. Capital markets (credit market). Currency market. The insurance market. The main directions of the financial market development.

Types of financial instruments and their characteristics. The financial assets and their types. The properties of financial assets. The definition and types of securities. Shares. Notes. Bonds. Government bonds and other government securities. Privatization paper. Innovations in financial instruments.

The definition and classification of financial intermediation. The banking system as the basis of the financial market. Commercial banks, their types and operations. Non-bank financial institutions.

The definition and types of interest rates. The impact of inflation on the financial results of the calculations. Real and nominal interest rate. The structure of the interest rates. The risk-free rate, the refinancing rate, the discount rate of NBU.

Organization and features of the deposit market. Services for realization of cash payments and settlements. Real money market instruments. Government financial institutions in the money market. Criteria for selection of the bank's depositors. Assessment of the creditworthiness of the enterprises. Assessment of the creditworthiness of the bank.

Professional activities in the securities market. State regulation of the stock market of Ukraine.

### **Topic 9. International Finance.**

International finance and international financial flows. Balance of payments. Finance international organizations and international financial institutions. The globalization of world's financial markets. Global financial centers, their characteristics and functioning.

#### **Recommended sources:**

1. Brealey, Richard A. Principles of corporate finance / Richard A. Brealey, Stewart C. Myers, Franklin Allen.—10th ed. – 2011. – 969 p.
2. Frederic S. Mishkin, The Economics of Money, Banking, and Financial Markets, Seventh Edition, Addison-Wesley, Boston, MA, latest edition.
3. The Economics of Money, Banking and Finance: A European Text. Keith Bain, - Pearson Education, 2005. – 584 p.
4. Peter Howells, Keith Bain. Financial Markets and Institutions, fifth edition, Pearson Education Limited, 2007. – 425 p.
5. Jeff Madura. Financial Markets and Institutions. Abridged Edition (with Stock-Trak Coupon), 2008. – 742 p.

6. Esh S.M. (2011) *Financial market*. –Kyiv. – Center of educational literature. - p. – 528.
7. Kizyma T. O. (2010) *Finance of householders* . - Kyiv.- Knowledge. – p.63.
8. Makarenko M. I., Dyakonova I. I. (2013) *International Finance* . – Kyiv. – UABS NBU. - p. – 548 .
9. Tkachuk I. G. (2015) *Public finance* . – Ivano-Frankivsk. – National University of Carpathian – p. 510.
- 10.Podderogin A. M. (2013) *Finance of enterprises* . – Kyiv. : KNEU.– p. 519
- 11.Kuznecova A. Y., Azarenkova G. M. (2011) *Finance*. – Kyiv.: – UBS NBU. – p. 407.
- 12.Mozgovyy O. M., Batorshyn A. F., Velychko O. G. (2013) *Stock market*. – Kyiv. : KNEU.– p. – 543.

#### **Internet resources.**

1. [www.imf.org](http://www.imf.org) - The International Monetary Fund (IMF) office in Ukraine
2. [www.ebrd.com](http://www.ebrd.com)– The European Bank for Reconstruction and Development (EBRD)
3. [www.un.org](http://www.un.org) - The United Nations
4. [www.ifc.org](http://www.ifc.org) – The International Finance Corporation
5. [www.worldbank.org](http://www.worldbank.org) - The World Bank
6. [www.wto.org](http://www.wto.org) - The World Trade Organization (WTO)

### **INSURANCE**

#### **Topic 1. General Principles and Concepts of Insurance**

Functions and benefits of insurance. The history of insurance market development. Economic nature and function of insurance. Principles of insurance. Concepts of insurance. How does insurance contribute to society?

#### **Topic 2.Types of Insurance**

Different approaches to classify types of Insurance. Classification of insurance facilities. Types of insurance: property insurance, liability insurance, personal insurance. Classification of the insurance forms. Compulsory insurance and voluntary insurance. General insurance. Life insurance. Reinsurance.

#### **Topic 3. Insurance market.**

The idea of insurance market. Market players and their roles. Subjects of the insurance market. Different insurance products and services.

Nature of insurance contract. Features of insurance contract. Types of insurance contracts.

#### **Topic 4. Insurance company.**

Different types of insurance companies. Standard lines, excess lines, captives, direct sellers, domestic, alien insurance companies.

Concept of intermediaries - Agents, Brokers, Surveyors & Loss Assessors.

#### **Topic 5. Regulatory Environment.**

The need and importance of Insurance Business Regulation. Insurance Act. Powers and Functions of Regulatory Authority: Licensing, Audit & Supervision International Regulatory Framework of the insurance industry.

#### **Topic 6. Personal insurance.**

Two major types of life insurance—term and whole life. Mixed life insurance. Private pension insurance (annuity). Accident insurance, its main types and forms of implementation.

Health insurance and how does it work? Disability Insurance.

#### **Topic 7. Property insurance.**

The concept of property insurance. Different types of property and casualty insurance. Engineering insurance.

Motor insurance and marine insurance.

Homeowners insurance and other types of property insurance.

#### **Topic 8. Liability insurance.**

Liability insurance as a part of the general insurance system. Mandatory insurance of vehicles' drivers. Employer's liability and workers' compensation. Product liability insurance. The comprehensive general liability (CGL) policy.

#### **Recommended sources:**

1. Cathy Pareto. Introduction To Insurance /Cathy Pareto. – Available at: <http://www.investopedia.com/university/insurance/default.asp>.
2. Bart Baker. The Breakthrough Insurance Agency: How to Multiply Your Income, Time and Fun – May 30, 2015.
3. Risk Management & Insurance, Harrington Niehaus, 2nd Edition, McGraw Hill.
4. **Janet Hunt.** What Are the Different Types of Insurance Companies? Updated December 19, 2016. – Available at: <https://www.thebalance.com/what-are-the-different-types-of-insurance-companies-1969789>
5. Peter Howells, Keith Bain. Financial Markets and Institutions, fifth edition, Pearson Education Limited, 2007, 425 p.
6. Jeff Madura. Financial Markets and Institutions. Abridged Edition (with Stock-Trak Coupon), 2008, 742 p.
7. Vovchak O. D. (2011). *Strahova sprava* [Insurance business]. Kyiv, Znannya, 391p.
8. Plysa V. Y. (2010). *Strahuvannya* [Insurance]. Kyiv, Karavela, 472 p.
9. Bazylevych V. D. (2011). *Strahuvannya: praktykum* [Insurance: workshops]. Kyiv, Znannya, 507 p.
10. Kozmenko O.V., Kozmenko S.M., Vasilyeva A.T. (2014). *Strahovyy i perestrahovyy rynek v epohu globalizacii: monografiya* [Insurance and reinsurance markets in the era of globalization: a monograph]. Sumy, Universytecka knyga, 388 c.

11. Zhuravel T. N., Nahaychuk N.G. (2012). *Strahuvannya u shemah* [ Insurance in schemes]. Lviv, Novyy svit-2000, 390 p.



# **BANKING**

## **Topic 1. Essence of banks and banking.**

Banks in the system of financial intermediation. The concept of banking and its genesis. The period of the birth of the bank and banking. The main stages of banking development.

The essence of the bank: legal and economic approaches. Interaction between banking and real economy.

Types of banks, their function and the main principles of activities. Types of integrated units.

Banking associations, their description, and the purpose of creation and features of activity.

## **Topic 2. Operations of banks in the formation of equity capital**

The composition and structure of the Central Bank's and other banks' resources, concepts, classification and forms of mobilization. Bank's own resources and their economic structure. The authorized capital in banks of various forms of ownership: concept, function, formation of sources and ways to replenish.

## **Topic 3. Operations of banks to raise funds.**

Deposit as an economic category. Deposits of banks and the principles of their organization. policy of banks. Kinds of deposits and their characteristics. The procedure for opening, use and closure of current and deposit accounts of business entities, customer identification, bank's account contract. The amount of interest that is paid on deposits.

## **Topic 4. Operations of banks in settlement of payments**

The basic of organization, methods and forms of cash payments in the economy.

Non-cash money circulation and the role of banks in its organization. Organization of cashless payments, the basic principles and ways to improve them. The forms of cashless payments, payment instruments. General rules of payment documents. Scope and procedure of payment transactions by payment orders, payment requests, payment requests-orders, checks, letters of credit, bills and so on.

Calculations using remote customer service. The concept and purpose of electronic payment instrument.

Non-cash public service: transfer of wages and other income for the current and card accounts of individuals. Cheating with depositors accounts. Fundamentals of interbank payments.

## **Topic 5. Basics of the bank credit operations.**

The role of credit in the market economy. The essence of credit as an economic category. The essence and source of credit resources of the bank. Credit relations.

The credit policy of the banks. The principles of lending: return; maturity, payment, intended use; security. Classification of loans.

The essence of the process of bank lending. The main stages of the crediting process. The credit agreement as a legal basis for the credit process. Basic requirements for the content of the credit agreement. The structure of the credit agreement. The responsibility of the parties for breach of the credit agreement, fines, penalties.

The concept and structure of the price of the credit. Differentiating factors of an interest rate on loans. Classical methods for determining the price of credit. The order of calculation, payment and collection of interests on credits.

The essence of providing credit obligations, their forms. The economic role of forms of the collateral. Subject of collateral: personal property, real estate, securities, property rights. The essence of the main ways of providing credits. The basic scheme of credit provision: one-time credit provision, credit line, revolving credit, current account credit, overdraft. Mechanisms and sources of repayment.

The essence of credit risk, its types and characteristics. Factors affecting the credit risk of the bank. The essence of the loan portfolio. Classification of the loan portfolio. Definition of groups of credit transactions as borrower debt service. Criteria for the acceptance of collateral on credit operations in the calculation of reserves. The procedure of calculation of the reserves for the case of reimbursement of possible losses on credit transactions.

#### **Topic 6. Features of providing and repayment operations within different types of credits.**

Consumer credit, its concepts and features. Subjects of consumer credit market. Objects of consumer credit. Classification characteristics of consumer credit. The mechanism of providing and repayment of consumer credit. Methodological basis of assessing the creditworthiness of the borrower. Forms of guarantees of the consumer credits.

#### **Topic 7. Banks securities operations.**

The essence and concept of the securities market. Securities market structure, types of securities, their characteristics. Organizational models of securities market: banking, non-banking, mixed. The place and role of the bank in the stock market.

Bank's issues of securities. The main stages of securities issuing. The issues of bank bonds and certificates of deposit. Requirements of the issues of ordinary and preferred shares.

#### **Topic 8. Economic - legal and organizational bases of bank's operations in foreign currency.**

The essence and concept of categories: "currency values", "foreign exchange", "exchange rate". Currency market: concept and types. The main participants in the foreign exchange market. Classification of bank transactions in foreign currency.

Currency risk: causes and management methods. Bank accounts in foreign currency characteristics.

Current commercial bank transactions in foreign currencies. The essence and scope of international payments. The main subjects of international payments. Objects of international payments.

Special conditions of international payments. Bank transfer as a form of international payments. Settlement of accounts with a bank transfer.

Documentary letter of credit as a form of international payments.

Uniform rules for documentary credits. Bank purchase transactions / Cash transactions in foreign currency.

### **Topic 9. Banking services operations.**

Banking services and their types. Classification and characteristics of banking services.

Trust banking services: the nature and classification characteristics. Members of trust relationship. Types of trust services to individuals and legal entities. Income of banks from trust services.

Warranty services of the banks. Forms, types and kinds of warranty. Difference between warranty and guarantee.

Concept and types of banking agent services. Consulting and information services of banks. Operations with precious metals. Financial engineering. Safe deposit box service of the bank. 13

### **Topic 10. Risks in banking.**

The role of risk in banking. Types of banking risks. Features of credit, interest, currency risk and unbalanced liquidity risk management. Asset-liability management of the bank. Formation of reserves for covering potential risks of active operations. The role of equity in banking. The main methods of the equity evaluation of the bank. Economic capital of the Bank. The organization and operation of risk management systems in banks.

#### **Recommended sources:**

1. Frederic S. Mishkin, *The Economics of Money, Banking, and Financial Markets*, Seventh Edition, Addison-Wesley, Boston, MA, latest edition.
2. *The Economics of Money, Banking and Finance: A European Text*. Keith Bain, - Pearson Education, 2005. – 584 p.
3. Jeff Madura. *Financial Markets and Institutions*. Abridged Edition (with Stock-Trak Coupon), 2008. – 742 p
4. Jesus Huerta de Soto, *Money, Bank Credit, and Economic Cycles*, 2006. – 906 p.
5. *Lending and control: textbook / writing team Smovzhenko T.S., Slav`yuk R.A., Kotsovska R.R., and other; under the general editorship of T.S. Smovzhenko, R.A. Slav`yuk.* – Kiev: UBS NBU, 2012. – 375 p.
6. Slav`yuk R.A. *Finance of Enterprises: textbook.* – Kiev: UBS NBU, 2007. – 550 p.
7. Vladychn U.V. *Bank lending: textbook / under the general editorship of prof. C. SK Reverchuka.* – Kiev: Atika, 2008. – 648 p.

8. Banking: textbook . under the general editorship Ryabinin L.N.- Odessa: OGEU ,2011.-520 p.
9. I.G. Skomorovych Banking: textbook. – Lviv: Publication «Magnolia 2006», 2010. -482 p.
- 10.Pshyk B.I. Situational modeling of bank: textbook: – Lviv: LBI NBU, 2003.
- 11.Prasolova S.P., Vovchenko O.S. Banking: textbook and practicum.-Kiev: Publication «Center of educational literature», 2013. – 568 p.
- 12.Stock market: textbook / O. M. Mozgovyi, A. F Batorshyna, O.G. Velichko [and other.]; under the general editorship O. M. Mozgovyi; Ministry of Education, Youth and Sports of Ukraine, SU «Kiev. nat. Econ. University of Vadym Hetman». – Kiev: 2013. – 543 p.

#### **Internet resources.**

1. [www.imf.org](http://www.imf.org)
2. [www.ebrd.com](http://www.ebrd.com)
3. [www.in.org](http://www.in.org)
4. [www.ifc.org](http://www.ifc.org)
5. [www.worldbank.org](http://www.worldbank.org)
6. [www.wto.org](http://www.wto.org)
7. <http://www.rada.gov.ua>
8. <http://www.bank.gov.ua>