

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
STATE HIGHER EDUCATIONAL INSTITUTION
"BANKINGUNIVERSITY"**

APPROVED

Head of the Admission Committee,
Rector of the Banking University



A. Kuznetsova

**PROGRAMME
OF ENTRANCE TESTING
for competitive selection of foreign citizens and stateless persons
to obtain Master's degree
in the program subject area 072 «Finance, banking and insurance»
(full-time and part-time forms of studies)**

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INTRODUCTION

The programme of entrance testing for foreign citizens and stateless persons for the competitive selection of applicants to Banking University to obtain Master's degree in the program subject area 072 «Finance, banking and insurance» is based on synthetic interdisciplinary principle and consists of individual sections, each of which integrates material in specific functional areas.

The programme is to identify the knowledge and skills in standards for the specialists of educational degree "bachelor" specified by the industry of higher education.

The programme comprises the questions in the following professional disciplines:

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

TEST PATTERN

The examination for the applicants consists of 50 one-choice questions. Each correct answer is worth 4 points ($50 \times 4 = 200$ points). The minimum score to pass the exam should be at least 100 points.

The examination of knowledge for each normative professional discipline is based on answers to 12-13 questions. Each question involves 4 (four) version of answers and the choice of one correct version of them.

One correct answer of each of 50 (fifty) tests is worth 4 (four) points, the wrong one - 0 (zero) points accordingly. Thus, on specialty «Finance» an applicant can score maximum 48 points; on specialty «Insurance» - 52 points; on specialty «Financial Market» - 48 points; on specialty «Banking» - 52 points. The maximum number of points scored is 200. The minimum number of points that qualifies the test to be successful must be at least 100.

**CRITERIA FOR EVALUATION OF TEST TASKS TO OBTAIN
MASTER'S DEGREE IN THE SPECIALTY 072 «FINANCE, BANKING
AND INSURANCE»**

Discipline	Quantity of questions	The number of points for one correct answer	Total amount of points	Time
Finance	12	4	48	15
Insurance	13	4	52	15
Financial Markets	12	4	48	15
Banking	13	4	52	15
All	50		200	60

PROGRAMME

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. Financial categories and their essence.

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 methods and instruments. 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. Budget system and principles of budget system.

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. Financial results of business entities.

Topic 8. 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.

Internet resources

1. www.imf.org - Представництво МВФ в Україні
2. www.ebrd.com – Європейський банк реконструкції та розвитку
3. www.in.org - Організація Об'єднаних Націй
4. www.ifc.org – Міжнародна фінансова корпорація
5. www.worldbank.org – Група Світового Банку

INSURANCE

Topic 1. General Principles and Concepts of Insurance

Functions and benefits of insurance. The history of insurance market development. The essence of insurance. Place of insurance in the system of economic categories. Economic nature and function of insurance.

Principles of insurance: insurance interest, maximum integrity, insurance agents, causal link of loss and events, compensation for losses within the limits of losses, subrogation. Concepts of insurance. How does insurance contribute to society? The role of insurance in activating the business.

Topic 2. Types of Insurance

The concept of classification, its scientific and practical significance.

Attributes of classification: historical, economic, legal.

Classification by object of insurance. Areas of insurance: property insurance, liability insurance, personal insurance. Types insurance.

Classification by kind of danger: insurance of fire, engineering, agricultural, transport, financial and credit and other risks.

Classification by the forms of holding. Compulsory insurance. Voluntary insurance.

Classification by the insurer's status. Insurance of legal entities all forms of ownership. Citizens Insurance. Classification by the specialty of the insurer. General types of insurance. Life insurance. Reinsurance.

Topic 3. Insurance risks and their assessment

The concept of risk. Risk Characteristics. Risk level. Frequency risk and size of damage.

Risk Management. The role of risk management in identifying, recognition, identification and determination of methods of exposure to risk.

Exclusion of risk. Active and passive risk prevention. Subjective and objective risks. Material and non-material risks.

Pure and speculative risks. Fundamental and Partial Risks. Determination of insurance risk. Signs of insurance risk. Specificity risks in property insurance, liability, in personal insurance.

Risk assessment and determination of expediency of its insurance. Criteria determining the price of insurance. The structure and basis for calculation of insurance tariffs

Topic 4. Insurance market

The concept of the insurance market. Subjects of the insurance market. Insurance services as objects of interrelations between insurers and insureds. The role of intermediaries: insurance agents and brokers. Prospects for the development of the insurance market of Ukraine.

The essence and objectives of marketing in insurance. Marketing plan.

Information support of marketing researches. Realization of insurance services. Insurance contracts, the procedure for their preparation and conclusion. Rights and responsibilities of the parties.

Topic 5. Insurance company

Insurance industry as part of the services sector. Forms of organization insurance companies in Ukraine. Order of creation, operation and liquidation of insurance companies. Mutual Insurance Society.

Specialization of insurers. Terms of attracting foreign investors to creation of insurance organizations.

Insurer's resources: financial, material, labor, informational. The structure of insurance companies.

Management of an insurance company.

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

Topic 6. 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 7. Personal insurance

Life insurance and its main types. Mixed life insurance. Life insurance. Insurance before marriage. Pension insurance (rents).

Compulsory insurance against accidents and professional diseases. Insurance against accidents in transport; insurance servicemen; insurance of employees of risky professions, etc.

Voluntary individual and collective insurance against unfortunate cases. Medical Insurance. Subjects and objects of insurance. Terms compulsory health insurance. Voluntary health insurance.

Topic 8. Property insurance

Insurance of property of legal entities: subjects of insurance, insurance events, order of conclusion of agreements, terms of compensation of losses.

Insurance of agricultural enterprises: insurance of crop and perennial crops planting, animal insurance, insurance of buildings and other property.

Insurance of technical risks.

Insurance of vehicles: automobile and other ground, sea, aviation transport. Insurance of cargoes.

Insurance of property of citizens: buildings and structures; animals; home and other property.

Topic 9. Liability insurance

Economic content and mechanism of liability insurance, its types. Insurance of civil liability of owners of transport funds. Motor (transport) insurance bureau of Ukraine and its functions.

International system "Green Card". Liability insurance owners of other modes of transport.

Insurance of producers' liability for product quality. Professional liability insurance. Other types of insurance responsibility.

Topic 10. Reinsurance and co-insurance

The need for reinsurance, the state and prospects of its development. Subjects of reinsurance. Reinsurance markets. Requirements

Ukrainian legislation on reinsurance of risks to non-residents.

Methods of reinsurance. Optional reinsurance. Obligator reinsurance. Comparative analysis of reinsurance methods.

Forms of reinsurance operations. Proportional reinsurance.

Disproportionate reinsurance: on the basis of the extent damage, based on Excessive loss.

Co-insurance and the mechanism of its application.

Topic 11. Income, expenses and profits of the insurer

Income of the insurer. Income from insurance business. Insurance premiums, the order of their definition. Income from investing is temporarily free money. Expenses of the insurer: their composition and economic content. Cost insurance services. Payment of insurance sum.

Costs for the maintenance of an insurance company. The insurer's profit. Determination of profits from insurance activity. Profit from investment activities. Distribution of profits.

Topic 12. Financial reliability of the insurance company

The concept of financial instability of the insurer. Formation balanced insurance portfolio. Risk selection. Tariff policy.

Reinsurance as a method of providing financial security.

Financial methods to ensure the reliability of insurance companies.

The solvency of the insurer, the conditions of its provision. Own funds the insurer. Technical reserves, their composition.

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.

FINANCIAL MARKETS

Topic 1. Financial market: essence, purposes and role in economy.

The structure of a financial system. Functions of a financial system. Place of the financial market in the financial system. The subjects of the financial market. The State as a subject of the financial market.

The structure and key features of financial markets. Classification of financial markets.

The key features of financial intermediaries.

Major financial market participants.

Financial instruments. Innovation instruments in the financial market.

The main directions of the financial market development.

Topic 2. Financial intermediaries and financial instruments

The definition and classification of financial intermediation.

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.

Financial crises. Causes and consequences of financial crises.

Globalization of financial markets. The causes of globalization.

Types of financial instruments and their characteristics.

Debt and non-debt instruments.

Topic 3. Interest rates' determination and structure

Interest rate determination. The rate of interest. Interest rate structure. Term structure of interest rates. Real interest rate. The risk-free rate, the refinancing rate, the discount rate of NBU.

Loanable funds theory. Liquidity preference theory. Level of interest rates in the economy. Understanding of the term structure of interest rates.

Theories of term structure of interest rates. Spot rates and forwards rates.

Topic 4. Money markets

Money market purpose and structure. The role of money markets. Money market segments. Money market participants. Money market instruments. Treasury bills and other government securities. The interbank market loans. Commercial papers. Certificates of deposit. Repurchase agreements.

International money market securities. Money market interest rates and yields

Topic 4. Debt markets

Debt market instrument characteristics. Bond market. Bond market characteristics.

Bond market yields. Bond valuation.

Discounted models. Bond duration and risk. Bond price volatility. Immunization. Bond convexity.

Bond analysis. Inverse floaters and floating rate notes. Callable bonds. Convertible bonds.

Topic 6. Equity market

Equity instruments. Common shares. Preferred shares. Private equity. Primary equity market. Primary public market.

Secondary equity market. Organized exchanges. Over-the-counter (OTC) market. Electronic stock markets. Secondary equity market structure. Cash vs forward markets. Continuous markets and auction markets. Order-driven markets and quote-driven markets.

Hybrid markets. Equity market transactions. Equity market characteristics. Stock indicators. Stock market indexes. Processes of consolidation of stock exchanges.

Topic 7. The risk and cost of capital

Relationship between risk and income. The essence of financial risk, its varieties. The impact of risk on the formation of the asset portfolio.

The theory of portfolio. Model estimates of capital assets. Systemic risk of the financial sector, its forms and factors. Behavior of financial market participants.

The theory of perspectives by D. Kahneman and A. Tversky. Effects of irrational behavior of market participants.

Topic 8. Derivatives markets

Hedging against risk. Description of derivatives markets. Forward and futures contracts. Principles of forward and futures contracts. Forward and futures valuation. Use of forwards and futures. Futures contracts: stock index futures.

Contracts for difference (CFD). Swaps. Options. Options definition. Components of the Option Price. Determinants of the Option Price. Option pricing models. Mixed strategies in options trading.

Topic 9. Financial market regulation

Necessity for the financial market regulation. Models of financial market regulation. Forms of financial market regulation. The role of monetary policy in regulation. The National Bank as an organ of state regulation of the financial

market. Methods of banking regulation. Establishment of economic indicators of regulation of commercial banks.

Government agencies regulate the activities of financial market participants.

Self-regulation and the role of self-regulatory organizations in the financial market.

Recommended sources

1. Fabozzi F. J., Modigliani F., Capital Markets: Institutions and Instruments. Prentice-Hall International // 2009.
2. Mishkin F. S., Eakins S. G. Financial Markets and Institutions. Addison-Wesley. – 2006.
3. Howells P., Bain K. Financial Markets and Institutions. Financial Times, Prentice Hall. – 2018.
4. Introduction to Finance: Markets, Investments, and Financial Management.- Ronald W. Melicher, Edgar Norton // Wiley, 2017/ - 635
5. Eugene F. Brigham/Joel F. Houston. Product cover for Fundamentals of Financial Management 15th Edition by Eugene F. Brigham /Joel. //, 2019/ - 250.
6. Financial Markets and Institutions – SIE: An Introduction to the Risk Management Approach” by Anthony Saunders and Marcia Cornett // 2007.- 480.
7. Financial Institutions and Markets // Meir Kohn. – 2003.- 704.

Internet sources

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2. <https://www.ecb.europa.eu/>
3. <https://www.ec.europa.eu/>
4. <https://www.citigroup.com/>
5. <https://www.fxclub.org/>
6. <https://www.worldbank.org/>
7. <https://en.wikipedia.org/>

BANKING

Topic 1. Types of banks and their functions

Banks in the system of financial intermediation. The concept of banking and its genesis. The essence of the bank: legal and economic approaches. Interaction between banking and real economy.

Types of banks, their functions and the main principles of activities. Role and significance of the central bank. Separation of banking products and services.

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

Bank's own resources and their economic structure.

The authorized capital in banks of various forms of ownership: concept, functions. Formation of equity capital of banks and ways to replenish.

Topic 3. Evolution of the banks' products and services

Banking products and services: definitions and brief history. The main banking products and services for retail banking and investment banking. Causes for financial services development. Online-banking (E-banking).

Modern features and trends of banking business around the world

Topic 4. Deposit operations of the bank

Deposit as an economic category. Deposit operations of banks in legislation.

Classification of bank deposits of individuals. Deposit policy of banks.

Interest rate on deposits. The mechanism of interest accrual for deposit operations. Features of the deposit agreement.

Deposit Insurance (System of guarantee of deposits for individuals.)

Topic 5. Money transmission and payment services

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 of improvement. The essence of electronic payment system.

The forms of cashless payments, payment instruments. General rules of payment documents use. Payment services with using standing orders and direct debits. Payment services with using cheques. Payment services with using credit (debit) cards.

Non-cash public service: transfer of wages and other income for the current and card accounts of individuals. Fundamentals of interbank payments. New forms of banking customer services.

Topic 6. Fundamentals of bank lending operations organization

The essence of a «loan» as an economic category. The general principles of bank lending. The essence and source of credit resources of the bank. The role of banks' lending policy. The classification of loans.

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

The concept and structure of the price of the loan. Differentiating factors of an interest rate on loans. Classical methods for determining the price of credit.

The essence of providing loan 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 loans. The basic scheme of loan provision: one-time loan provision, line of credit, revolving loan, current account loan, overdraft. Mechanisms and sources of repayment.

The essence of credit risk, its types and characteristics. Methods of determining the borrower's capacity.

Topic 7. Features of provision and repayment certain types of loans

Features and classification of consumer loans. Procedure for the provision of short-term consumer loans. The mechanism of providing and repayment of consumer loan. Assessment of the borrower's capacity of individuals.

Definition of house purchase loans (mortgages). Common types of house purchase loans. Collateral of mortgage loans.

Financial leasing as a form of long-term loan: scheme of provision, calculation of lease payments.

Topic 8. Banks' operations with securities

The essence and concept of the securities market. Securities market structure, types of securities, their characteristics. The place and role of the bank in the stock market.

Operations by banks with shares, bonds, savings certificates. The issues of bank bonds and certificates of deposit. Requirements of the issues of ordinary and preferred shares.

Brokerage services of the bank. Activities of the Stock Exchange.

Topic 9. Economic bases of bank's operations with 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. Current commercial bank transactions in foreign currencies. The essence and scope 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.

Topic 10. Regulation in banking business

Regulation and supervision of banking activities.

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. Recommendations of the Basel Committee on Banking Supervision.

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. Banking Operations / Written by Colin Watson BA, FCIBS // Published by The Chartered Institute of Bankers in Scotland. – Edition 4. – 2008. – 233 p.

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4. www.ifc.org – Міжнародна фінансова корпорація
5. www.worldbank.org – Група Світового Банку
6. www.wto.org – Світова організація торгівлі
7. www.investopedia.com
8. <http://www.rada.gov.ua>
9. <http://www.bank.gov.ua>