CANDIDATE DETAILS			
Access Number	Roll Number	For Official Use Only	Serial Number
Subject **MICROFINANCE**			
Candidate's Name			
Father's Name			
CNIC Number			
Cell Number		E-mail	
I verify that my particulars given above are correct and I declare that I have read the INSTRUCTIONS printed in the examination booklet, and/ or given in the ISQ Examination Guidelines, violation of which would mean cancellation of my paper and debarment from appearing in future examinations.			
Candidate's Signature		Invigilator's Signature	

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The Institute of Bankers Pakistan

ISQ Examinations
Winter - 2018
Stage - III
Microfinance

SEAL
BOOK
HERE

Section 2
Subjective Questions

Number of Questions: 7
Marks: 55

Allotted time : 120 minutes

INSTRUCTIONS FOR THE CANDIDATE

1. The candidate must abide by the ISQ Examination Guidelines sent along with the admit card.
2. The candidate must sign the booklet after verifying the particulars and should **NOT** write his/ her name or roll number etc. on any other page of the examination booklet.
3. The candidate is advised **NOT** to approach the invigilators for seeking any explanation related to the questions in the examination paper.
4. Laptops, mobile phones or any other gadgets are **NOT** permitted in the examination hall. **ONLY** non-programmable scientific calculator is allowed. If any candidate is found in possession of any restricted gadgets or items, his/ her examination paper will be cancelled immediately.
5. The candidate must ensure that the examination booklet has all the pages duly numbered. If any page is missing, damaged or not numbered, then return the booklet to the superintendent / invigilator and obtain another booklet.
6. Write your answer **ONLY** in the given space for each question. Anything written outside the given space will not be considered for marking.
7. **ONLY** blue or black ball points are to be used.
8. The candidate must attempt **ALL** questions in the paper.

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Marks Obtained	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Total Marks	Total in words
Marker - I									
Q.C									
Scrutiny									
Re-Scrutiny									
Marker– II									

Signatures:

1. Marker - I	2. QC	3. Scrutinizer	4. Re-Scrutinizer	5. Marker - II

Q1. Some of the current international trends in Microfinance include:

- Regulations governing Microfinance Institutions (MFIs);
- Transformation of Microfinance Institutions (MFIs);
- Use of wireless technology.

In context of the Microfinance Industry of Pakistan, explain the following:

A. The significance of Government regulations on Microfinance Institutions.

(5 Marks)

B. The services offered by Microfinance Institutions through Mobile Banking.

(5 Marks)

Q2. State five differences between Conventional and Micro Insurance in terms of the following aspects: (10 Marks)

A. Policy documentation
B. Coverage Period
C. Coverage Amount
D. Marketing and Sales
E. Role of Agents

Q3. At the end of a financial year 2017, the branch manager of ABC Microfinance Bank is calculating the costs for annual submission to the management.

The branch has **two** sales staff, **two** operations staff and **one** branch manager.

The following costs were incurred by a branch of ABC Microfinance Bank in the year 2017:

Particulars	**Cost (PKR)**
Annual Rent of Premises	100,000
Annual Salary of each sales staff	100,000
Annual Salary of each operation staff	50,000
Annual Utilities	20,000
Bad debts written off	5,000
Markup on branch deposits	100,000
Annual Salary of the branch manager	50,000
Other Operational expenses per month	1,000

Required:

Considering the above information:

A. Calculate the Cost of Operations for the branch, incurred during 2017. Show your workings. (5 Marks)

B. Define Cost of Delinquencies. (1 Mark)

C. Explain how the Cost of Borrowing for the branch of ABC Microfinance Bank will be different than that of an MFI which provides loans entirely out of donation funds. (2 Marks)

D. For the year 2018, the branch manager anticipates a total cost of PKR 600,000 and a total loan portfolio of PKR 5,000,000. Calculate the minimum markup rate that can be offered to a customer. (2 Marks)

Q4.

A. State the regulatory frameworks available in Pakistan for the registration of a Microfinance Institution. (3 Marks)

B. Explain the management and administration requirements for a Microfinance Institution as mentioned in the Microfinance Institutions Ordinance, 2001. (2 Marks)

Q5. Name and describe any two Market Risks faced by Microfinance Institution with examples. (5 Marks)

Q6. Outreach is a multidimensional concept. There could be six aspects of measuring outreach:

Depth, Worth, Cost, Breadth, Length, and Scope.

A development economist analyses the Outreach aspects of two countries, Country A and Country B, as follows:

Particulars	Country A	Country B
No. of Active Depositors	5.0 million	5.4 million
No. of Active Borrowers	3.6 million	2.1 million
Other Active financial services Users	1.0 million	1.0 million
Worth of Outreach	5.4%	6.5%
No. of financial contracts offered by MFIs	8.4 million	9.0 million

A. What are the components of the **Cost of Outreach**? (1 Mark)

B. Explain which country has a better Outreach in terms of **Worth** and **Scope**. (3 Marks)

C. Calculate the **Breadth of Outreach** for Country A. (2 Marks)

D. Define the **Length of Outreach**. (1 Mark)

E. Explain the **Significance of Outreach** for a country's development. (3 Marks)

Q7. List the characteristics of Micro credit services by MFIs in providing financing to their clients. (5 marks)

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