**Treasury Management in Banking**

**September 2021 Examination**

**1. *'Hedging'* is an important mechanism/tool that a Banking Treasury unit uses. Explain briefly with examples the purpose and techniques of hedging used in both Foreign Exchange and Domestic Currency dealings of a Bank. (10 Marks)**

**Answer 1.**

**Introduction:**

**Hedging:**Hedge funds employ hedging as a financial strategy to protect their investments from market fluctuations. In other words, hedging protects an investor against any risky event that may arise throughout the acquisition and significantly loses. However, this does not imply that hedging will ultimately minimize the risk associated with an investment; instead, when danger is related to an asset, hedging will moderate it by utilizing the gains from other investments to

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**2. Study the various Payment Systems available in India and describe the salient features of each of them with examples and applicability to Treasury products and services. (10 Marks)**

**Answer 2.**

**Introduction:**

**Treasury products and services:**Investment banking activities and other commercial activities such as acquisitions and mergers, syndicated loans, global transactional banking, and project finance are carried out by a bank's Treasury. Treasury products are financial instruments that provide protection against client risk as well as investment solutions. Treasury products give these solutions for the most critical and straightforward products and other financial assets such as interest rates, equities, fixed income, and currency rates, among other things. The investment

**3. Global Banking of today calls for an *efficient, effective, and profitable* Treasury unit in each Bank. For this, Treasury units need to necessarily ensure that people with the right skills, appropriate knowledge and the right attitude are there. Assume that you are the Head of the Treasury unit conducting an interview to select a few junior level officers for the unit.**

**a. What are the high-level skills, knowledge and attitude that you will be looking for in the candidates? (5 Marks)**

**Answer 3a.**

**Introduction:**

A company's cash flows are managed through the use of treasury services. Generally speaking, the work of a treasury specialist is separated into three central departments: cash management, corporate finance, and risk management. Financial research and operational controls are the two most important risk management actions performed by a treasurer. Cash management is different

**b. Enlist five questions that you will ask to know whether the candidate has the requisite skills, knowledge and attitude or not (5 Marks)**

**Answer 3b.**

**Introduction:**

Treasurer: The treasury department in a financial institution is in charge of balancing and controlling the bank's daily cash flow and fund liquidity. The treasury department is also responsible for managing the Bank's securities investments, asset/liability management, cash instruments, and foreign currency transactions, among other things. For this definition, treasury