BANKING

MARKING GUIDE

The major contextualization issues are:

- Anger at banks interest rate increases as capital requirements increased by Government
- Mounting pressure on Government over this issue
- Task force suggests the possibility of the Government providing a guarantee of bank deposits and notes two key points
    - Need for banks to pay for such a guarantee
    - Ensure that banks risk acceptance did not increase as a result of the guarantee

A good answer will:

- Give a sound discussion of the implications for the Government, the banks and the customers
- Answer each of the Treasurers items with sufficient justification
- Provide a recommendation for the price to be paid by the banks with serious justification
- Convincing use of the banking data as the foundation for the quantitative analysis

Failure to give a price for the guarantee is a major negative.

END OF MARKING GUIDE

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