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金融学院 金融专业英语 试题

(英译中, 五段, 每段 20 分, 共 100 分)

I. What is a bank?

As important as banks are to the economy as a whole and to local communities, there is much confusion about exactly what a bank is. Certainly banks can be identified by the functions (services or roles) they perform in the economy. The problem is that not only are the functions of banks changing, but the functions of their principal competitors are changing as well. Indeed, many financial institutions—including leading security dealers, brokerage firms, mutual funds, and insurance companies—are trying to be as similar as possible to banks in the services they offer. Bankers, in turn, are challenging these nonbank competitors by lobbying for expanded authority to offer real estate and full-service security brokerage, insurance coverage, investments in mutual funds, and many other new services.

The result of many legal and regulatory changes is a state of confusion in the public's mind today over what is or is not a bank. The safest approach is probably to view these institutions in terms of what types of services they offer the public. Banks are those financial institutions that offer the widest range of financial services—especially credit, savings, and payment services—and perform the widest range of financial functions of any business form in the economy. This multiplicity of bank services and functions has led to banks being labeled “financial department store”.

II. The Adoption of Indirect Instruments of Monetary Policy

In the late 1970s, industrial countries began phasing out the direct instruments some of them used to operate monetary policy – including credits controls, interest rate ceilings, and sometimes directed credits – and began moving toward full reliance on indirect instruments, such as open market operations, rediscount facilities, and reserve requirements. In more recent years, there has been also an increasing tendency for the developing countries and the economies in transition to adopt such instruments.

The greater use of indirect monetary instruments can be seen as the counterpart in the monetary area to the widespread movement toward enhancing the role of price signals in the economy more generally. Both have the same objective of improving market efficiency. Perhaps even more critically, moves to indirect instruments are taking place in an increasingly more open economic environment, with widespread adoption of current account convertibility. In such an environment, direct instruments have become increasingly ineffective, leading to inefficiencies and disintermediation. In the absence of indirect instruments of monetary policy, the authorities would, therefore, be unable to counter any problems of excess liquidity, which would impede their efforts to stabilize the economy.

III. Why banks are so heavily regulated?

Why are banks so closely regulated? There are a number of reasons for this heavy burden of government supervision, some of them centuries old.

First, banks are among the leading repositories of the public's savings—especially the saving of individuals and families. While most of the public's saving are placed in relatively short-term, highly liquid deposits, banks also hold large amounts of long-term savings in individual retirement accounts (IRAs). The loss of these funds

due to bank failure or bank crime would be catastrophic to many individuals and families. But, many savers lack the financial expertise and depth of information needed to correctly evaluate the riskiness of a bank. Therefore, regulatory agencies are charged with the responsibility of gathering and evaluating the information needed to assess the true financial condition of banks in order to protect the public against loss.

Banks are also closely watched because of their power to create money in the form of readily spendable deposits by making loans and investments. Changes in the volume of money created by banks appear to be closely correlated with economic conditions, especially the growth of jobs and the presence or absence of inflation.

Banks are also regulated because they provide individuals and businesses with loans that support consumption and investment spending. Regulatory authorities argue that the public has a keen interest in an adequate supply of loans flowing from the banking system. Moreover, where discrimination in the granting of credit is present, those individuals who are discriminated against face a significant obstacle to their personal well-being and an improved standard of living. This is especially true if access to credit is denied because of age, sex, race, national origin, or similar factors.

Finally, banks have a long history of involvement with government—federal, state, and local. Early in the history of the industry governments relied upon cheap bank credit and the taxation of banks to finance armies and to supply the funds they were unwilling to raise through direct taxation of their citizens. More recently, governments have relied upon banks to assist in conducting economic policy, in collecting taxes, and in dispensing government payments.

IV. Financial Futures

A financial futures contract is an agreement between a buyer and a seller reached today that calls for the delivery of particular security in exchange for cash at some future date. The market value of a futures contract changes daily as the market price

of the security to be exchanged moves over time. As a result, futures contracts are “marked to market” each day to reflect the current value of the assets subject to eventual delivery under each futures contract, and a cash payment may have to be made (usually to a broker) by one or the other party to the contract in order to protect against possible loss.

The financial futures markets are designed to shift the risk of interest rate fluctuations from risk-averse investors, such as commercial banks, to speculators willing to accept and possibly profit from such risks. Futures contracts are traded on organized exchanges (such as the Chicago Board of Trade or the London Futures Exchange), where floor brokers execute orders received from the public to buy or sell these contracts at the best prices available. Then a bank contacts an exchange broker and offers to sell futures contracts (i.e., the bank wishes to “go short” in futures), this means it is promising to deliver securities of a certain kind and quality to the buyer of those contracts on a stipulated date at a predetermined price. Conversely, a bank may enter the futures market as a buyer of futures contracts (i.e., the bank chooses to “go long” in futures), agreeing to accept delivery of the particular securities named in each contract and to pay cash to the exchange clearinghouse the day the contracts mature, based on their price at that time.

V. Offshore Financial Center (OFC)

An offshore financial center (OFC) may be defined as a jurisdiction in which transactions with non-residents far outweigh transactions related to the domestic economy. They have developed by offering an attractive tax, legal and/or regulatory environment. In particular, the absence of inheritance, wealth, withholding or capital gains taxes can make the environment in OFCs very favorable to, for example, internationally mobile individuals. Zero or low direct taxes can make it attractive for companies conducting business with non-residents to incorporate in OFCs. In a similar vein, the corporate legal environment may facilitate speedy adoption of new

financial products or allow greater flexibility in restructuring and refinancing options. Political and economic stability and the presence of high quality professional (eg legal and accounting) and supporting services are also important in attracting business from other major financial centers.

A number of important OFCs are small island states, with few domestically owned financial institutions, a large number of 'brass-plate' institutions and little non-financial economic activity. The Cayman Islands and the British Virgin Islands are obvious examples. But the distinction between OFCs and other financial centers is not clear-cut. Some economies – such as Hong Kong and Singapore – have a significant volume of entrepot business alongside domestically orientated financial intermediation. The term "OFC" is, furthermore, sometimes also used in connection with special tax and/or regulation zones that are established within the borders of a country to attract non-resident business (for example Labuan in Malaysia, or the International Financial Services Center in Dublin).