Use of English

Complete the text below by writing a suitable word in the space provided. The first one is done for you as an example. Indicate your answers on the Answer Sheet.

US creates 215,000 jobs in March – still no rate rise

The US economy added 215,000 jobs in March, a little less than it did in February when 242,000 jobs were created. The unemployment rate **has (0)** risen to 5% from 4.9%, which was an eight-year low. The Labor Department said more Americans **… (1) …** finding jobs, which suggested a sign of confidence in the US economy. The increase **… (2) …** allow a cautious Federal Reserve to raise interest rates gradually this year. The US is continuing to create jobs, **… (3) …** a global economic slowdown and cheap oil prices **… (4) …** have hit the energy sector. The gains were in the service sectors**, … (5) …** retail, health and education and leisure and hospitality. **… (6) …** were also new jobs in government and construction. The unemployment figures for January and February are **… (7) …** revised slightly down to show 1,000 fewer jobs created **… (8) …** previously reported.

Chris Williamson, chief economist at *Markit*, said that **… (9) …** the numbers for jobs created last month looked good, **… (10) …** rate rise from the Federal Reserve would not be the right move." **…. (11) …** good month of hiring in the US will be encouraging **… (12) …** chat in some corners of the Fed moving closer to hiking interest rates again, but signs of weakening economic growth mean policymakers are **… (13) …** to be cautious about changing the interest rates and hold off until the US and the global economy are showing greater vigour," he said. "However, while the labour market data shout 'rate hike', signs of a worrying weakness **… (14) …** the pace of economic growth at home and abroad caution against the Fed rushing **… (15) …** any further tightening of policy."

Max.: 15

Reading

Part 1

Read the article below from which 10 sentences have been removed. Match the list of sentences (A-M) with the gaps (1–10) and decide where they fit. Indicate your answers on the Answer Sheet. Remember there are *three extra sentences you do not need to use*.

Heist finance
Recent hacks highlight the vulnerability of the cross-border payments system

Barely an eyebrow is raised these days when the credit-card details of retailers' customers are stolen en masse; such crimes are attempted or committed daily. But when banks' own funds are pinched, it is time to pay attention. **… (1) …** . This week the Society for Worldwide Interbank Financial Telecommunications (SWIFT), a network that thousands of banks around the world use to move money, described a recent spate of cyber-heists, which netted $90m. Gottfried Leibbrandt, SWIFT's boss, described them as a "watershed moment". **… (2) …** .

Investigators are still trying to piece together how thieves pulled off a spectacular hack that siphoned $81m out of Bangladesh's central bank in February. This was one of the biggest-ever bank robberies. **… (3) …** . The stolen money went to a bank in the Philippines, then on to casinos. Where most of it went from there is unclear. **… (4) …** .

The scam sent banks and SWIFT scrambling to check for other infiltrations. Their probes have turned up at least one similar, albeit smaller, case. Hackers tried unsuccessfully to nab $1m from Tien Phong Bank, in Vietnam. **… (5) …** . Ecuador's Banco del Austro is suing Wells Fargo for waving through fake transfers of $12m to accounts in Hong Kong.

Experts say there are likely to be dozens of other actual or attempted breaches of this kind that have yet to be detected. **… (6) …** . In the Bangladesh break-in, for instance, they wrote malware to interfere with a machine whose printouts the bank relied on to check transactions.

Banks' coffers being raided by cybercrooks is bad enough. Worse, the thefts expose weaknesses in a vital bit of financial plumbing: banks' connections to the SWIFT network. In each of the cases that have come to light, the thieves hacked into the bank's system, used malware to log on to the SWIFT network using the bank's unique code. **… (7) …** .

SWIFT, a co-operative owned and used by 11,000 financial firms, processes 25m messages a day, covering half of all big cross-border transfers. Were it to be compromised, trust in the global payments system could evaporate. SWIFT insists its network and core messaging services were not breached. **… (8) …** . Officials at SWIFT express frustration that targeted banks can be slow to share information with it about hacks, meaning other banks don't get intelligence they could act on.

Nevertheless, calls have grown for SWIFT to do more (with some geeks even suggesting it be replaced by blockchain technology). Mr Leibbrandt responded on May 24th by announcing a “customer security” plan.

But SWIFT has no power over banks. That is down to regulators, whose performance in this area varies greatly. Among the most switched-on is the Bank of England, which runs a widely respected resilience-testing programme for big banks that includes mock attacks. **… (9) …** .

Standards in some emerging markets are much lower. **… (10) …** . One investigation found evidence of infiltration by three different groups. It is unlikely to be a coincidence that the hackers have targeted banks in relatively undeveloped markets rather than bigger (but much better protected) prizes in countries like Britain and America.

A. Cyber-criminals have become very good at covering their tracks.
B. It is especially true when the theft involves hijacking banks’ connections to the global payments system.
C. The threat now, he said, is not just to banks’ reputations, but to the very existence of those that fail to protect themselves.
D. Another case has come to light through court filings.
E. Security at Bangladesh‘s central bank was outdated and inadequate.
F. Then, they re-routed transactions to new beneficiaries.
G. 850 m dollars of the bogus transfer requests were blocked.
H. Some ended up with a Chinese operator of junkets for gamblers.
I. Not that banks in bastions of high finance can rest on their laurels.
J. The security problems were at the banks themselves, it says.
K. Several big banks, including JP Morgan Chase, have begun to whittle down the number of employees with access to the SWIFT gateway.
L. The American bank is fighting the action.
M. British banks that fail to beef up their defences may even be forced to hold extra capital.

Max.: 20

Reading

Part 2

Read the text below and answer the questions in English. Indicate your answers on the Answer Sheet.

World watches Britain's 'living wage' experiment

The new policy, which starts in Britain on Friday, will see the wages for low-paid workers rise four times faster than average earnings this year.

The world will be watching. Governments in many developed countries are turning to minimum wage policies as they try to deal with inequality and anaemic wage growth. Developing countries such as Malaysia are also using minimum wages to try to redistribute growth more fairly and encourage employers to move up the value chain.

Nick Boles, the skills minister, has claimed it will be "one of the biggest increases in the legal minimum wage that any government has done in the western world in living memory". But the Conservatives did not always feel this way about the minimum wage. Indeed, the party opposed the UK's introduction of the policy in 1998, arguing it would destroy jobs.

Many economists have also changed their views. Economics textbooks used to state that if you raise pay above the value it creates for employers, you reduce demand for labour. In other words, minimum wages cost jobs. But economists' opinions are now more nuanced, in large part because of the experience of countries such as the UK, which have so far sustained steady increases in the minimum wage without doing any notable damage to employment.

The UK's minimum wage is already relatively generous by international standards, according to the Financial Times' "Big Mac" minimum wage index. At £6.70 an hour, a minimum wage worker in the UK would have to work 26 minutes to buy a Big Mac. If Britain brought in its £9 an hour target today, a minimum-wage worker could buy a Big Mac after 18 minutes.

There are other ways to measure the level of a minimum wage, such as where it stands relative to average pay. The government plans to increase the national living wage to 60 per cent of median earnings by 2020, which would take the UK from the middle of the OECD pack to the upper end.

In terms of coverage, OECD data analysed by the Low Pay Commission (LPC), responsible for recommending minimum wage rates to the government, shows that about 9 per cent of UK workers currently earn within 5 per cent of the minimum wage. By 2020, the LPC's analysis suggests this figure will swell to about 18 per cent.

The big question is whether the UK can maintain its strong employment record, particularly for the lowest-skilled workers, who are about to become more expensive to employ. Andrew Hilton, director of the Centre for the Study of Financial

Innovation, believes the policy will be “devastating” for entry-level and low-skilled jobs.

This debate has emerged in Germany recently, too, after concern that the minimum wage is too high to enable recently arrived refugees to find jobs. Some German politicians have called for exceptions to the minimum wage for low-skilled refugees.

Yet, studies show that the modelling being done for the minimum wage experiments in US cities like Seattle is encouraging. These analyses suggest low-paid workers will spend more money in the local economy, boosting local demand and creating a virtuous circle for employers and employees. Economists say the UK is right to experiment — and dispute the idea that the country is “stumbling towards a cliff edge”.

1. What are the reasons for minimum wage issues coming into focus in developed countries? (a., b.)
2. What are the reasons for minimum wage issues coming into focus in developing countries? (a., b.)
3. Why did Conservative politicians oppose to the minimum wage policy earlier?
4. What has changed professional opinions on the matter recently?
5. What indices can be used to determine the minimum wage level? (a., b.)
6. What could happen to the UK by 2020?
7. What is the main task of the LPC?
8. What jeopardises the balance in the UK?
9. What is the relationship between migration and the minimum wage?
10. How will local economies benefit from the new minimum wage policy?

Max.: 20

Writing

Part 1

In this part of your test you have to summarize the text below. The summary should be about 150 words. Use the prompts before the text when summarizing. Do not copy complete sentences from the original.

- the backwash of giving out huge amounts of credit
  - rise
  - fall
- the consequences of the lack of government control
- solutions to the arising problems

It is a question of when, not if, real trouble will hit in China

China was right to turn on the credit taps to prop up growth after the global financial crisis. It was wrong not to turn them off again. The country's debt has increased just as quickly over the past two years as in the two years after the 2008 crunch. This kind of surge is usually followed by a financial bust or an abrupt slowdown.

China will not be an exception to that rule. Problem loans have doubled in two years and, officially, are already 5.5% of banks' total lending. China requires more and more credit to generate less and less growth. With the government's connivance, debt levels can probably keep climbing for a while, perhaps even for a few more years. But not for ever.

When the debt cycle turns, both asset prices and the real economy will be in for a shock. That won't be fun for anyone. China is the world's second-biggest economy; its banking sector is the biggest, with assets equivalent to 40% of global GDP. Its stockmarkets are together worth $6 trillion, second only to America's. A mere 2% devaluation of the yuan last summer sent global stockmarkets crashing; a bigger bust would do far worse.

Optimists have drawn comfort from two ideas. First, over three-plus decades of reform, China's officials have consistently shown that once they identified problems, they had the will and skill to fix them. Second, control of the financial system gave them time to clean things up.

Both these sources of comfort are fading away. This is a government not so much guiding events as struggling to keep up with them. To help pump up growth, officials have inflated a property bubble. Debt is still expanding twice as fast as the economy.

At the same time the government's grip on finance is slipping. Despite repeated efforts to restrain them, loosely regulated forms of lending are growing quickly, which creates two risks. The first is higher-than-expected losses for the banks. Hungry for profits in a slowing economy, plenty of Chinese banks have mis-categorised risky loans as investments to dodge scrutiny and lessen capital requirements. The second risk is liquidity. The banks have become ever more reliant on “wealth management products”, whereby they pay higher rates for what are, in effect, short-term deposits and put them into longer-term assets. In these circumstances a sudden shortage of funding is well within the realm of possibility.

One thing is certain. The longer China delays a reckoning with its problems, the more severe the eventual consequences will be. For a start, it should plan for turmoil. Regulators must work out in advance who monitors what and prepare emergency responses. Rather than deploying both fiscal and monetary stimulus to keep growth above the official target of at least 6.5% this year the government should save its firepower for a real calamity. The central bank should also put on ice its plans to internationalise the yuan. Most important, China must start to curb the relentless rise of debt. The country must tolerate more defaults, close failed companies and let growth sag. This will be tough, but it is too late for China to avoid pain. The task now is to avert something far worse.

Max.: 20

Writing

Part 2

The management of the bank you work for is concerned about the efficiency of the different methods the firm is using to reach target customers. They have asked you to investigate the matter and write a report to help them determine which method(s) they should mostly rely on. In your 180-200-word report write about

- some methods you used to investigate the issue,
- different ways of communication (e.g. Facebook, e-mail, traditional mail etc.),
- the peculiarities of the target customers,
- your recommendations.

Max.: 20