

UNIVERSITE PARIS 1 PANTHEON-SORBONNE
Ecole de Management (UFR 06) & Département des Langues

LICENCE DE GESTION ET ECONOMIE D'ENTREPRISE, Semestre 4

Partiel d'anglais appliqué à la gestion

Enseignant responsable : J.T. Pindi , Maître de conférences
Sujet rédigé par C. Peynaud, PRAG

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Durée : 2 heures

No documents allowed. Write your answers on the official answer sheets provided.

PART 1: READING

A. Read the following text and address the ensuing vocabulary and comprehension exercises

INTERNATIONAL BUSINESS, FEB. 27, 2014

Credit Card Debt Threatens Turkey's Economy

By JACK EWING and SEBNEM ARSU

ISTANBUL — Ozcan Yuksel's descent into debt began with a walk down Istiklal Caddesi, a popular Istanbul promenade full of shops and restaurants.

Bank employees were passing out credit card applications and helping people fill them out.

- 5 Mr. Yuksel made the equivalent of a few hundred dollars a month working for a lighting fixture shop. But it turned out that did not matter. "They were asking people to sign, and I did," he said. Within a week he had a card and a spending limit many times his income. That was in 2001. Today, Mr. Yuksel, a 32-year-old father of two, owes more than \$8,000, much more than his annual income and an amount that will take him more than a decade to repay.
- 10 He is among millions of Turks who are over their heads in debt they incurred after local banks aggressively marketed credit cards to low-income people.

- Mr. Yuksel's tale of living on borrowed money illustrates one of the ills plaguing the country's economy and threatening a new financial debacle in an unstable region. It echoes the subprime mortgage calamity in the United States in 2008, in that the Turkish banks often
- 15 seemed oblivious to the risk that their new customers might not pay them back.

The credit ratings agency Standard & Poor's warned in a report last week that the boom in consumer credit had become a serious risk for Turkish lenders. Slowing economic growth, political turmoil and increasing reluctance by foreign investors to provide financing "are prompting a deterioration in the operating environment for Turkish banks," S.&P. said. A big

20 issue facing Turkey is what financial and political issues this pile of consumer debt could
create as a plunge in the value of the Turkish lira and a pullback by foreign investors forces
the country to live within its means.

Much of Turkey's rapid growth in the last decade came from consumer spending based on
credit. Debt from credit cards rose 31 percent nationwide in 2012. In 2013 it rose an
25 additional 22 percent. From practically nothing a decade ago, consumer debt in Turkey now
equals 55 percent of household income, according to Oxford Economics, a research
organization in Britain. Until the Turkish government recently limited the practice, stores
habitually offered to sell almost anything on credit, even a pair of jeans.

Some analysts say the amount of consumer debt in Turkey, about \$131 billion, is not big
30 enough to threaten the country's banks in the way that subprime mortgages, and securities
tied to them, undermined the health of banks in the United States and other nations. But S.&P.
warned in its report that the official numbers may understate the scope of problem loans.
Banks may be allowing debtors to take out new loans to repay old ones, rather than
classifying the loans as being overdue.

35 In a slower economy, it will be even more difficult for low-income people like Mr. Yuksel to
get pay raises or better jobs that would help them escape indebtedness. Instead, Mr. Yuksel
earns the equivalent of about \$420 a month working for a lighting shop. When a customer
buys a fixture, he installs it in the customer's home.

After Mr. Yuksel received his first credit card, banks kept sending him more offers, he said.
40 Within a year and a half he had eight credit cards, and was borrowing from new cards to make
payments on old ones. The terms of payment were unbearable for him. The Turkish Central
Bank has become concerned about outrageous interest payments. In December it imposed a
cap on credit card interest payments of 27 percent per year. The permissible rate can still be as
high as 35 percent for people who are behind in their payments.

45 That does not help Mr. Yuksel much. At first he used the cards only for necessities like food,
he said, but later succumbed to temptation and bought items such as a plasma television and a
refrigerator. "I blame myself," Mr. Yuksel said. "Why wasn't I more careful?"

But he is also angry at the banks. "They saw how much I was paid," he said. "You are given
this card beyond your means. It sits in your pocket. No matter how hard you try, you spend
50 it."

B. VOCABULARY

1. Define the following words, underlined in the text (/2.5)

1. credit-ratings agency
2. credit
- 55 3. debtors
4. loans
5. terms of payment

2. Complete the text with the following words (/2.5)

60 *owe / consumers / expenses / survey / worried / debt / credit cards / average / earning / amount*

As many as three-quarters of Canadians recently polled say they are in (1)_____ and (2)_____ an average (3)_____ of nearly \$16,000, according to a new (4)_____.

65 The (5)_____ personal debt load jumped by \$2,779 to \$15,920 this year compared with last year, says RBC's annual debt poll released on Tuesday.

Kim Taylor, the director of personal lending at the Royal Bank of Canada, said (6)_____ may have increased their personal debt — which includes (7)_____, loans and personal lines of credit — after putting off vacations or big ticket items in recent years.

70 As a result, young people between the ages of 18 and 34 who were surveyed were quite (8)_____ about how much money they owed, but that could also be because they're not (9)_____ as much money as someone older, and may have student debt and other (10)_____.

75 The Financial Post, October 29, 2013

C. COMPREHENSION

1. True (T) or False (F)? (/2.5)

Are the statements below True (T) or False (F)? Justify your answers by quoting the text

- | | |
|--|-----|
| 1. Mr Yuksel is in a situation of excessive debt | T/F |
| 2. Mr Yuksel owes to the bank the equivalent of what he earns in a year | T/F |
| 3. Turkish banks assess people's creditworthiness before granting credit | T/F |
| 4. The reliance on credit is a danger for Turkish banks. | T/F |
| 5. Consumer credit grew very rapidly over the last ten years in Turkey. | T/F |

80 2. Explain the following extracts briefly, in your own words (/2.5)

1. Ozcan Yuksel's descent into debt began with a walk down Istiklal Caddesi (paragraph 1, line 1)

2. Mr. Yuksel's tale of living on borrowed money (paragraph 3, line 1)

3. It echoes the subprime mortgage calamity in the United States in 2008 (paragraph 3, lines 2 – 3)

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4. a pullback by foreign investors forces the country to live within its means (paragraph 4, lines 6 – 7)

5. Banks may be allowing debtors to take out new loans to repay old ones, rather than classifying the loans as being overdue (paragraph 6, lines 5 – 6)

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PART 2: GRAMMAR

1. Compound nouns (/2.5)

Match one word in the left column with another one in the right column to make acceptable nominal compounds.

(1) account

(a) manufacturer

(2) car

(b) agency

(3) credit-rating

(c) material

(4) credit

(d) management

(5) raw

(e) card

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2. Fill in the blanks (/2.5)

Use the appropriate nominal compound from exercise 1 in each sentence. Use the plural when necessary.

- 100 1. When given too easily, _____ may lead to a bad debt.
2. To succeed at _____, the needs of the customer must be balanced with the goals of the organization.
3. Before being used in the production of final products, _____ often go through different manufacturing processes.
- 105 4. It is possible to contact the three _____ for an assessment of the creditworthiness of the customer.
5. All major _____ reduced their output between 2010 and 2011.

PART 3: ESSAY (/5)

- 110 Based on the information contained in the text and from your own knowledge of the topic, discuss the following question:

Is debt good for the economy?

Give examples to illustrate your arguments.

Answer in 250 words (+/-10%). Please provide a word count at the end of your essay.

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Key to answers and guidelines for marking

B. VOCABULARY

1. Define the following words in English (/2.5)

Answers

1. credit-ratings agency: firm that specializes in keeping lists of people who have defaulted on payments and which, in return for a fee, can check if a particular firm has ever had problems or if it has a clean record of reliability.
2. credit: method of deferring payment for goods or services usually including interest on top of the original amount of money.
3. debtors: a debtor is a person or firm owing money to another person or firm.
4. loans: a loan is an oral or written agreement for a temporary transfer of a property (usually cash) from its owner to a borrower who promises to return it according to the terms of the agreement, usually with interest for its use.
5. terms of payment: conditions under which credit is granted and the way in which it is to be honoured.

Marking

0.5 point for a good definition

0.25 point for a good definition with English mistakes

2. Complete the text with the following words (/2.5)

Answers

- | | | |
|-----------|-----------------|--------------|
| 1. debt | 5. average | 9. earning |
| 2. owe | 6. consumers | 10. expenses |
| 3. amount | 7. credit cards | |
| 4. survey | 8. worried | |

Marking

0.25 point for the right word with the right spelling. Nothing to be awarded if spelling mistakes

C. COMPREHENSION

1. True (T) or False (F) ? (/2.5)

Answers

1. Mr Yuksel is in a situation of excessive debt **T**
He is among millions of Turks who are over their heads in debt (paragraph 2, line 7)
2. Mr Yuksel owes to the bank the equivalent of what he earns in a year **F**
Today, Mr. Yuksel, a 32-year-old father of two, owes more than \$8,000, much more than his annual income (paragraph 2, line 5)
3. Turkish banks assess people's creditworthiness before granting credit **F**
Turkish banks often seemed oblivious to the risk that their new customers might not pay them back. (paragraph 3, lines 3 – 4)
4. The reliance on credit is a danger for Turkish banks. **T**
The credit ratings agency Standard & Poor's warned in a report last week that the boom in consumer credit had become a serious risk for Turkish lenders. (paragraph 4, lines 1 – 2)
5. Consumer credit has grown very rapidly over the last ten years in Turkey. **T**
From practically nothing a decade ago, consumer debt in Turkey now equals 55 percent of household income. (paragraph 5, lines 3 – 4)

Marking

0.5 point for the right answer with the right quote

0.25 point for the right answer with an irrelevant quote

Nothing to be awarded if the answer is wrong

2. Explain the following extracts briefly, in your own words (/2.5)

Answers

1. It was as he walked down the street that Mr Yuksel signed for his first credit card. “descent into debt” refers to the spiral of debt that started on this day.
2. Mr Yuksel lives on borrowed money, meaning all the money he spends is borrowed, he pays everything with his credit card and thus spends much more than his actual income.

3. The situation in Turkey reminds us of the financial crisis in 2008, when credits were granted to risky borrowers who could not repay their debt.
4. As foreign investors stop investing, people living in Turkey will have to stop borrowing money and only spend the money they have.
5. A loan is overdue when it is not repaid after its due date. Banks do not point that out when borrowers have financial problems and cannot repay their loans. Instead, they grant new ones to the same borrowers who end up having even more financial problems.

Marking

0.5 point for a relevant answer written in good English

0.25 point for a relevant answer with English mistakes

Nothing to be awarded if the quote has not been understood properly

PART 2: GRAMMAR

1. Compound nouns (/2.5)

Answers

- (1) account management
- (2) car manufacturer
- (3) credit-rating agency
- (4) credit card
- (5) raw material

Marking

0.5 point for the right noun combination

2. Fill in the blanks (/2.5)

Answers

1. credit cards
2. account management
3. raw materials
4. credit-rating agencies
5. car manufacturers

Marking

0.5 point for the right choice of word with the plural when needed

0.25 point for the right word with mistakes on the use of the plural form

PART 3: ESSAY (/5)

Marking:

Number of words -----	/0.5
English ----- <i>(Grammar, use of specialized vocabulary)</i>	/2
Structure of the essay ----- <i>(Introduction, development, conclusion)</i>	/1
Content ----- <i>(Quality of arguments, presence and relevance of examples)</i>	/1.5