



**BERJAYA BUSINESS SCHOOL**

**FINAL EXAMINATION**

Student ID (in Figures) : 

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Student ID (in Words) : \_\_\_\_\_  
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Course Code & Name : **FIN1613 Financial Institutions and Markets**  
Semester & Year : September – December 2019  
Lecturer/Examiner : Leow Hon Wei  
Duration : 3 Hours

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**INSTRUCTIONS TO CANDIDATES**

1. This question paper consists of 2 parts:  
PART A (25 marks) : Answer all THREE (3) short answer questions. Answers are to be written in the Answer Booklet provided.  
PART B (75 marks) : Answer all FOUR (4) structured answer questions. Answers are to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

**WARNING:** The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students’ Handbook, up to and including expulsion from BERJAYA University College.

**Total Number of pages = 3 (Including the cover page)**

**PART A : SHORT ANSWER QUESTIONS (25 MARKS)**

**INSTRUCTION(S)** : Answer **ALL** questions. Write your answers in the answer booklet(s) provided.

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**Question 1**

“A robust financial market is one of the pillars of stable economic growth and secured financial sustainability for the future” Discuss the statement.

(6 marks)

**Question 2**

A colleague of Christopher’s workplace does not believe in the efficient market. Propose the **TWO (2)** solutions on how Christopher can convince his colleague.

(10 marks)

**Question 3**

Analyse **TWO (2)** ways in which financial intermediaries help lower transaction cost in the economies of scale.

(9 marks)

**[Total: 25 marks]**

**PART B : STRUCTURED ANSWER QUESTIONS (75 MARKS)**

**INSTRUCTION(S)** : Answer **ALL** questions. Write your answers in the answer booklet(s) provided.

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**Question 1**

The Prime Minister of Malaysia announces in a press conference that he will curb the higher inflation rate with a new anti-inflation program. Analyze what will happen to interest rates, bond market and share market.

(15 marks)

**Question 2**

In addition to the help and strategies put forward by the respective central banks of each country during the financial crisis. Analyse how would the World Bank helps the central banks in economic recovery process?

(15 marks)

**Question 3**

Explain the how the quantitative easing as an alternative to conventional monetary policy when short term interest rate is low.

(15 marks)

**Question 4**

(a) If the public suddenly expects a large increase in stock prices. Analyse what will happen to the market interest rate.

(15 marks)

(b) Analyse the changes of the interest rate if prices in the bond market become more volatile.

(15 marks)

**[Total = 75 marks]**

**END OF QUESTION PAPER**