



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Subject Code & Name : **FIN1613 Financial Institution and Markets**
 Semester & Year : January – April 2017
 Lecturer/Examiner : Leow Hon Wei
 Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- This question paper consists of 2 parts:
 - PART A (25 marks) : Answer ALL short answer questions. Answers are to be written in the Answer Booklet provided.
 - PART B (75 marks) : Answer all FOUR (4) structure answer questions. Answers are to be written in the Answer Booklet provided.
- Candidates are not allowed to bring any unauthorized materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
- 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.
- 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 of Hospitality 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 of Hospitality.

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.

Question 1

(a) Provide two (2) functions of financial markets.

(3 marks)

(b) Why do we need money markets?

(8 marks)

Question 2

Provide two (2) purposes of money markets.

(4 marks)

Question 3

Provide five (5) goals of monetary policy which implemented by central bank.

(10 marks)

[Total: 25 marks]

END OF PART A

PART B : STRUCTURE QUESTIONS (75 MARKS)

INSTRUCTION(S) : Answer all **FOUR (4)** questions. Write your answers in the Answer booklet(s) provided.

Question 1

(a) An **asset** is a piece of property that is a store of value. Provide four (4) determinants of asset and discuss how these affect demand and supply. (8 marks)

(b) Explain the how the flows of funds through the financial system assists lender and borrower. (hint: draw a diagram to show the flows of funds) (7 marks)

Question 2

(a) Efficient Market Hypothesis (EMH) is important in financial markets. Explain the three forms of market efficiency? (9 marks)

(b) Why the EMH does not imply that financial markets are efficient (15 marks)

Question 3

(a) Explain how the market sets stock prices? (6 marks)

(a) Explain how market equilibrium, excess supply and excess demand would occur in the market. (12 marks)

Question 4

(a) Exchange rates are essential to determine the price of goods. Explain if currency of your country appreciates. (8 marks)

(a) Explain five (5) factors affecting exchange rates in long run? (10 marks)

[Total: 75 marks]

END OF EXAM PAPER