



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **FIN2123 Fundamentals of Banking**
Semester & Year : May – August 2022
Lecturer/Examiner : Wan Ahmad Asrar Nik @ Wan Yahya
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (60 marks) : **FOUR (4) short answer questions. Answers are to be written in the Answer Booklet provided.**
PART B (40 marks) : **TWO (2) essay questions. Answers are to be written in the Answer Booklet provided.**
2. Candidates are not allowed to bring any unauthorized 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.

PART A
INSTRUCTION (S)

: SHORT ANSWER QUESTIONS (60 MARKS)

: Answer all **FOUR (4)** short answer questions.

Write your answers in the Answer Booklet (s) provided.

Question 1

A bank is a financial intermediary that offers a wide range of services.

- a. Define banking. (1 mark)
- b. Explain the intermediation function of a bank. (5 marks)
- c. Describe **THREE (3)** transformation functions that banks use to breach the gap between the needs of lenders and borrowers. (6 marks)
- d. State **THREE (3)** benefits of bank to borrowers. (3 marks)

[Total: 15 marks]

Question 2

Through Internet banking, customers can use payment service, make investments, and purchase foreign currencies. Explain the followings:

- a. Payment service offered by banks. (5 marks)
- b. Internet banking. (5 marks)
- c. A bank as financial conglomeration. (5 marks)

[Total: 15 marks]

Question 3

In Malaysia, commercial banks offer conventional and Islamic banking services. The main types of entities that undertake the banking businesses are companies, co-operatives and the federal government.

- a. Define commercial bank. (1 mark)
- b. Describe **THREE (3)** types of deposit services offered by commercial banks. (6 marks)
- c. Explain Islamic banking. (5 marks)
- d. Provide **THREE (3)** examples of banks owned by the government of Malaysia. (3 marks)

[Total: 15 marks]

Question 4

Bank Negara Malaysia (BNM) is the Central Bank of Malaysia.

- a. Describe **TWO (2)** functions of BNM. (4 marks)
- b. Explain the followings:
 - i. International reserve of BNM. (5 marks)
 - ii. The lender-of-last-resort (LOLR) function of the Central Bank. (5 marks)
- c. Provide **ONE (1)** example of legislation that confers legal powers to BNM in regulating and supervising the financial system. (1 mark)

[Total: 15 marks]

END OF PART A

PART B
INSTRUCTION (S)

: ESSAY QUESTIONS (40 MARKS)

: Answer all **TWO (2)** essay questions.

Write your answers in the Answer Booklet (s) provided.

Question 1

Laws may be legislated by the Parliament and regulations may be set through the Ministry of Finance or be stipulated by the relevant regulatory agency, Bank Negara Malaysia (BNM). BNM supervises banks to evaluate whether these rules are being obeyed.

- a. Examine **FOUR (4)** assessment criteria used by BNM to approve digital bank license. (10 marks)
- b. Under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLA) 2001, demonstrate **FOUR (4)** ways criminals launder money. (10 marks)

[Total: 20 marks]

Question 2

The balance sheet is a financial statement of the wealth of a bank on a given date. This is usually at the end of the financial year. Stakeholders can get valuable information about bank performance from the balance sheet.

- a. Break down the balance sheet to show **FIVE (5)** sources of banks' funds, and **FIVE (5)** uses of the funds. (10 marks)
- b. Evaluate how important is bank performance to shareholders, regulators, competitors, depositors and credit-rating companies. (10 marks)

[Total: 20 marks]

END OF EXAM PAPER