



FACULTY OF BUSINESS

FINAL EXAMINATION

Student ID (in Figures) :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Student ID (in Words) : _____

Course Code & Name : **FIN1613 Financial Institutions and Markets**
Semester & Year : May – August 2023
Lecturer/Examiner : Mr Muhammad Firdaus
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (25 marks) : THREE (3) short answer questions. Answer ALL questions. Answers are to be written in the Answer Booklet provided.
PART B (75 marks) : FOUR (4) structured questions. Answer ALL 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, except for 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 : SHORT ANSWER QUESTIONS (25 MARKS)

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

QUESTION 1

Discuss any **THREE (3)** instruments of the money market.

(9 marks)

QUESTION 2

Describe any **TWO (2)** instruments of the capital market.

(8 marks)

QUESTION 3

Briefly explain any **FOUR (4)** differences between banking and non-banking institutions.

(8 marks)

[Total: 25 marks]

END OF PART A

PART B : STRUCTURED QUESTIONS (75 MARKS)

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

QUESTION 1

- a) Distinguish **TWO (2)** systematic risks and **TWO (2)** unsystematic risks.

(6 marks)

- b) Differentiate between the debt markets and equity markets.

(6 marks)

[Total: 12 marks]

QUESTION 2

- a) Calculate the current yield based on the given information.

Current price RM 800

Coupon rate 6%

Face value RM1000

(2 marks)

- b) Calculate the price earnings (PE) ratio and interpret on it with the following information.

Net income = RM40,000

Total common shares = 2,000 units

Market price = RM 10 per unit share

(5 marks)

- c) Discuss the **THREE (3)** types of efficient market hypotheses especially in share price.

(6 marks)

[Total: 13 marks]

QUESTION 3

- a) Discuss any **SEVEN (7)** effect of inflation to the economy, cost of living, financial markets, foreign exchange currency, real estate market, children education and others.
(7 marks)
- b) Differentiate between hire purchase loan and mortgage loan.
(8 marks)
- c) Describe any **THREE (3)** bonds in term of characteristics, types, and pricing.
(10 marks)
- [Total: 25 marks]**

QUESTION 4

- a) Briefly explain on the conflict of interest in financial institutions.
(3 marks)
- b) Explain any **TWO (2)** situations when the domestic currency is overvalued or undervalued.
(4 marks)
- c) Discuss any **FOUR (4)** the adverse selection issues in insurance.
(4 marks)
- d) Describe any **TWO (2)** purposes of security market indexes.
(4 marks)
- e) Discuss any **FOUR (4)** relationships between intrinsic price and market price.
(4 marks)
- f) Differentiate between futures contract and option contract.
(6 marks)
- [Total: 25 marks]**

END OF EXAM PAPER