



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 2024
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

Banks take in funds from those with money, pool them, and lend them to those who need funds.

- a. Define bank. (2 marks)
- b. Explain the concept of direct finance. (5 marks)
- c. Describe **THREE (3)** theories why banks exist. (6 marks)
- d. State **TWO (2)** benefits of financial intermediation to lenders. (2 marks)

[Total: 15 marks]

Question 2

The main services offered by banks are loans, deposits and payment services as well as a wide range of additional services such as insurance and investment services. Explain the following:

- a. Lending service offered by banks. (5 marks)
- b. Time deposit. (5 marks)
- c. Digital bank. (5 marks)

[Total: 15 marks]

Question 3

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

- a. Define development bank. (2 marks)
- b. Describe **THREE (3)** financing facilities offered by development banks. (6 marks)
- c. Explain private banking. (5 marks)
- d. Provide **TWO (2)** relevant examples of foreign banks operating in Malaysia. (2 marks)

[Total: 15 marks]

Question 4

As the Central Bank of Malaysia, Bank Negara Malaysia (BNM) provides advice to the government of Malaysia, supervises commercial banks, and assists consumers. Explain the following:

- a. BNM as the Central Bank of Malaysia. (5 marks)
- b. Credit Counselling and Debt Management Agency. (5 marks)
- c. BNM supervision of the commercial banks. (5 marks)

[Total: 15 marks]

END OF PART A

PART B

: ESSAY QUESTIONS (40 MARKS)

INSTRUCTION (S)

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

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

Question 1

In Malaysia, the regulatory body responsible for the licensing, approval or registration, regulation and supervision of banks is Bank Negara Malaysia (BNM).

- a. Discuss **FIVE (5)** principles used by BNM to supervise the market conduct practices of banks in protecting the interests and rights of banking consumers. (10 marks)
- b. Determine **FIVE (5)** ways BNM oversees e-money operations in promoting the soundness of e-money schemes, and therefore enhancing users' confidence in the usage of e-money. (10 marks)

[Total: 20 marks]

Question 2

Banks can be classified according to their different balance sheet structures. Their profits are derived from the income statement, a document that reports data on costs and revenues.

- a. Illustrate retail banks' balance sheet structure. (10 marks)
- b. Prepare a simplified bank income statement with a table. (10 marks)

[Total: 20 marks]

END OF EXAM PAPER