



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) :

Course Code & Name : **FIN2183 Multinational Finance**

Trimester & Year : May – August 2019

Lecturer/Examiner : Leow Hon Wei

Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

- 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.
- 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 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.

Question 1

An international monetary system (IMS) is a set of internationally agreed rules that facilitate international trade. Explain **THREE** (3) causes for the instability of International Monetary System.

(7 marks)

Question 2

Foreign exchange market is a stock market in which the currencies of other countries are bought and sold. Provide **THREE** (3) roles of the foreign exchange market.

(9 marks)

Question 3

Foreign exchange exposure refers to the risk a company undertakes when making financial transactions in foreign currencies. Explain the **THREE (3)** types of foreign exchange exposure.

(9 marks)

[Total: 25 marks]

Question 1

An exchange rate is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in relation to another currency. Explain how does the strong currency benefits to Malaysia.

(15 marks)

Question 2

The Balance of Payments (BOP) is a statement of all transactions made between entities in one country and the rest of the world over a defined period of time, such as a quarter or a year. Explain the importance of BOP for a country.

(15 marks)

Question 3

Capital control represents measures taken by government, central bank or other regulatory bodies to limit the flow of foreign capital in and out of the domestic economy. Discuss the capital control measures and its impact conducted by governments, central banks and other regulatory bodies.

(15 marks)

Question 4

(a) Examine **FOUR (4)** factors of the US dollar's exchange rate in the long term and explain the changes on the effect in the exchange rate.

(15 marks)

(b) Explain **TWO (2)** reasons why do many developing countries fix their currencies, while emerging economies adopt a crawling peg.

(15 marks)

[Total: 75 marks]