

FINAL
Examination Paper

(COVER PAGE)

Session : April 2019

Programme : Diploma In Finance (DIF/DFIN)

Course : **FIN2153: Fundamentals Of Banking**

Date of Examination : August 2nd, 2019 (Friday)

Time : 8:00 am – 10:00 am Reading Time : Nil

Duration : 2 Hours

Special Instructions :

This paper consists of **SIX (6)** questions. Answer any **FOUR (4)** questions in the answer

booklet provided. All questions carry equal marks

IMPORTANT NOTE : THIS PAPER SHOULD NOT BE TAKEN OUT OF THE EXAMINATION HALL

Material permitted : Non-Programmable Scientific Calculator

Materials provided : **NIL**

Examiner(s) : **Mr. Lee Chun Feng and Ng Kean Wai**

Moderator : **Dr. Phua Lian Kee**

This paper consists of 4 printed pages, including the cover page

INTI INTERNATIONAL COLLEGE PENANG

DIPLOMA IN FINANCE (DIF)

FIN2153: FUNDAMENTALS OF BANKING
FINAL EXAMINATION: APRIL 2019 SESSION

Instructions: This paper consists of **SIX (6)** questions. Answer any **FOUR (4)** questions in the answer booklet provided. All questions carry equal marks.

Question 1

- a) At the meeting of Housing Loan Analyze Committee (HLAC) of ABC Bank, the Head of Housing Loan Department informed the HLAC that the bank has decided to monitor the risks faced by bank.

Describe **ANY TWO (2)** potential risks associated with bank housing loan facilities.

(10 marks)

- b) Distinguish **ANY THREE (3)** types of non-depository institutions and discuss their **TWO (2)** functions.

(15 marks)

Question 2

- a) Explain **TWO (2)** ways in which capital can be transferred from surplus units to deficit units with an example.

(8 marks)

- b) Describe the **THREE (3)** functions of money and use example to illustrate your answer.

(12 marks)

- c) If Jason places RM800 in an investment account paying 8%p.a. interest compounded annually, at the end of 4 year, how much Jason can receive?

(5 marks)

Question 3

- a) Financial crisis demonstrated the need to diversify the source of funding through the development of deeper intermediation channels and therefore lay stronger foundations for sustainable long-term economic development. Hence, a financial intermediary has become important in emerging economies.

Required:

- (i) Interpret the **FIVE (5)** functions of financial intermediaries with examples to support your answer. (10 marks)
- (ii) Financial products are bought and sold in the capital market, which is divided into the Primary Market and Secondary Market. Discuss the difference between the two markets with an example. (8 marks)
- b) With a healthy pipeline of deals, among other positives, the investment banking business in Malaysia is poised for strong growth despite geopolitical risks and external headwinds.

Define the investment bank and discuss any **TWO (2)** functions provided by investment bank. (7 marks)

Question 4

- a) What is the objective of Banking and Financial Institutions Act 1989 (BAFIA)? Who are covered under BAFIA? (10 marks)
- b) Money Laundering is a very serious offence. Discuss **THREE (3)** stages of money laundering process. (15 marks)

Question 5

- a) Bank Negara Malaysia is always actively monitoring the Malaysian banking system and supporting steady growth of Malaysian economy amid relatively low inflation.

Required:

- (i) Illustrate the **THREE (3)** main monetary policy tools used by the central bank to shape monetary policy with an example. (15 marks)
- b) Differentiate between money markets and capital markets. Use an example to illustrate your answer. (10 marks)

Question 6

- a) Discuss how the interest rates affect the investments in bond. (10 marks)
- b) List and explain any **FIVE (5)** types of products and services offer to retail banking customers. (15 marks)

- The End -

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