

FINAL ALTERNATIVE ASSESSMENT
Examination Paper

(COVER PAGE)

Session : April 2021

Programme : Diploma in Finance (DIF/DFIN)

Course : FIN2153: Fundamentals of Banking

Date of Examination : July 30, 2021(Friday)

Time : 8:00am – 10:30am Reading Time : Nil

Duration : 2 Hours 30 Minutes

Note: 30 minutes is added into the duration of the examination to factor in any connectivity matters and for you to scan and upload your scripts.

Special Instructions :

This paper consists of **FOUR (4)** questions. Answer **ALL** questions.

Materials permitted : NIL

Materials provided : NIL

Examiner(s) : Ms. Ainul Zariney binti Aziz

Moderator : Mr. Bernard Joseph

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

INTI INTERNATIONAL UNIVERSITY & COLLEGES

DIPLOMA IN FINANCE (DIF/DFIN)
FIN2153: FUNDAMENTALS OF BANKING
FINAL ALTERNATIVE ASSESSMENT: APRIL 2021 SESSION

Instruction:

This paper consists of **FOUR (4)** questions. Answer **ALL** questions.

Question 1

- (a) Explain **TWO (2)** major components of Malaysian Financial System. (8 marks)
- (b) There are two modes of finance in flow of funds. One is direct finance and the other is indirect finance. Explain these **TWO (2)** with relevant examples. (8 marks)
- (c) “COVID-19 has generated significant instability and high volatility in global capital markets. While the full impact is yet to be determined, it’s expected that the adverse impact are likely to continue from the virus’ knock-on effects. As part of our Global banking M&A outlook H2 2020 report, we explore the areas of the overall banking sector most likely to be impacted, including valuation and profitability.” – KPMG, July 2020

Referring but not limited to the above insights of KPMG on the impact of COVID19 on the banking sector, respond to below questions:

- (i) Explain how financial innovation would help banking sector to move forward with this pandemic crisis. (3 marks)
- (ii) Discuss any **THREE (3)** approaches adopted by financial institutions in managing credit risk. (6 marks)

(Total: 25 marks)

Question 2

- (a) Discuss any **THREE (3)** functions of commercial banks. (6 marks)
- (b) Describe primary and secondary market supported with relevant examples. (6 marks)
- (c) Discuss **THREE (3)** challenges faced by Non-Bank Financial Institutions (NBFIs). (6 marks)
- (d) Describe revolving credit and explain **TWO (2)** supporting examples on this. (7 marks)

(Total: 25 marks)

Question 3

- (a) Differentiate main functions of broker and dealer in securities market. (4 marks)
- (b) Discuss any **THREE (3)** differences between debt and equity securities. (6 marks)
- (c) “KUALA LUMPUR: The Malaysian banking system is expected to remain resilient and whether the Covid-19 pandemic despite its negative impact to the economy. Bank Negara said in its latest Financial Stability Review that banks are well positioned to support households and businesses during this period of uncertainty.” – The Star, Friday, 03 Apr 2020

Referring but not limited to the above news reported on The Star entitled “Bank Negara: Banking system expected to remain resilient”, respond to below questions:

- (i) Explain **THREE (3)** reasons why financial stability is important to the banking system. (6 marks)
- (ii) List **FOUR (4)** areas that are affected by the changes of new regulation framework when Financial Services Act (FSA) 2013 and Islamic Financial Services Act (IFSA) 2013 came into force on 30 June 2013. (4 marks)
- (d) Explain any **TWO (2)** essential elements of Musharakah contract that must be fulfilled before it is appear to be valid. (5 marks)

(Total: 25 marks)

Question 4

- (a) Discuss any **TWO (2)** categories of FinTech widely promoted in Malaysia market with example for each of the category discussed. (10 marks)
- (b) Briefly explain the following Islamic finance contract.
- (i) Mudharabah (3 marks)
- (ii) Ijarah (3 marks)
- (c) Discuss any **TWO (2)** basic Shariah principles underlying all of Islamic finance products and services in Malaysia market. (5 marks)
- (d) Explain any **TWO (2)** positive impact of professionalism in banking business. (4 marks)

(Total: 25 marks)

~THE END~

FIN2153 (F)/ April 2021 Session/ formatted