



NATIONAL OPEN UNIVERSITY OF NIGERIA

Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies

October/November Examination 2016

COURSE CODE: MGS748

COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS

CREDIT UNIT: 2

TIME ALLOWED: 2 HOURS

Instructions:

- 1. Attempt question number One (1) and any other Two (2) questions.**
- 2. Question number 1 carries 30 marks, while the other questions carry 20 marks each.**
- 3. Present your points in coherent and orderly manner.**

QUESTION ONE (COMPULSORY)

- a) Differentiate between Financial market and financial system
- b) What is bank borrowing? State five reasons that make bank borrowing attractive?
- c) What is cost of borrowing? Differentiate between fixed rate and floating rate.

QUESTION TWO

- (a) Discuss the term Wholesale Bank
- (b) Identify and explain the five main functions of Wholesale Banks

QUESTION THREE

- (a) What is Financial Intermediation?
- (b) Mention and discuss four main areas of banks' activity in Financial Intermediation

QUESTION FOUR

Mention and explain five forms of long-term financial instruments

QUESTION FIVE

Explain the following terms.

- i) Bill of Exchange
- ii) Banker's Acceptance
- iii) Finance Lease
- iv) Operating Lease
- v) Hire Purchase

