



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2021\_1 EXAMINATION**

**COURSE CODE: BFN740**

**CREDIT UNIT: 2**

**COURSE TITLE: REGULATION OF FINANCIAL INSTITUTIONS**

**TIME ALLOWED: 2HOURS**

**Instruction: 1. Attempt question number one (1) and any other two (2)**

**2. Question number one (1) is compulsory and attracts 30 marks, while any other two questions attract 20 marks each**

**3. Present your answers any points in a clearly and orderly manner**

1a. What is information asymmetry? Discuss briefly the effect of asymmetric information on the operations of financial markets. **7.5 marks**

1b. Banks are often regarded as heavily regulated financial institutions. Advance reasons for such level of regulation in banking institutions. **2.5 marks**

1c. Enumerate the implications of the 1986 Banking Sector Liberalization Policy in Nigeria which derives from the implementation of the Structural Adjustment Programme (SAP). **5 marks**

1d. Outline the efforts of the regulatory authorities towards banking system stability in Nigeria. **5 marks**

1e. Briefly explain the measures introduced by the Securities and Exchange Commission to protect investors. **2 marks**

1f. List at least six vital disclosures in a prospectus **3 marks**

1g. Identify at least five regulators in the Nigeria financial system **2.5 marks**

1h. Briefly discuss the direct control instrument of economic stabilization **2.5 marks**

2a. Outline the major highlights of the 1952 Banking Ordinance **2.5 marks**

2b. State at least eight contributions of regulation to the development and proper functioning of financial institutions. **8 marks**

2c. Mention any five strategies adopted by the NDIC in the management of banking distress. **5 marks**

2d. Globalization has made possible the integration of financial markets across the globe, and organizations strive to compete at the global level. Discuss the common difficulties associated with international financial markets. **4.5 marks**

3a. State any five (5) functions rendered by the Securities and Exchange Commission. **5 marks**

3b. Discuss the technique of OMO as an instrument of monetary control. **10 marks**

3c. Briefly explain five(5) criticisms of direct control instrument of economic stabilization. **5 marks**

4a. Distinguish fiscal and monetary policy **5 marks**

4b. List any ten objectives of regulation **5 marks**

4c. State the functions of NDIC as provided by its enabling Act. **5 marks**

4d. State any five sources of instability in the Nigerian banking industry **5 marks**