



NATIONAL OPEN UNIVERSITY OF NIGERIA
91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2021_2 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. Briefly explain how the performance of banking institutions is affected by the following:
12.5 marks

- i. Macroeconomic Environment
- ii. Information Asymmetry
- iii. Managerial Capacity
- iv. Corporate Governance
- v. Regulatory and Supervisory Capacity

1b. Discuss the consequence of increasing globalization and financial openness on the operations of the Nigerian banking sector. 5 marks

1c. State any five measures put in place by the Securities and Exchange Commission (SEC) to support the pursuit of its broad objectives 5 marks

1d. Discuss the mode of intervention or support rendered by the World Bank to member countries. 5 marks

1e. List at least five instruments of monetary policy 2.5 marks

2a. The Central Bank of Nigeria (CBN) was established to facilitate the development of the Nigerian economy, List and explain at least seven functions of the Bank to the Nigerian economy. 10.5 marks

2b. Enumerate the policies of the African Development Bank (ADB) towards the support of regional member countries (RMCs) in the fight against HIV/AIDS. 7.5 marks

2c. Distinguish between the narrow money and broad money components of money supply. 2 marks

3a. Briefly discuss the core mandates of the NDIC 10 marks

3b. Regulation of financial institutions is intended to achieve specified purposes and objectives. List at least ten reasons regulation of the Nigerian banking system. 5 marks

3c. Briefly discuss the effect of monetary policy on real sector performance. 5 marks

4a. Discuss the primary objective of the World Bank Structural Adjustment Loans. 6 marks

4b. Discuss the IMF quota system in relation relative position and influence of member countries. 6 marks

4c. State at least four (4) major consequences or fall-outs of the structural adjustment (SAP)-induced banking sector liberalization implemented in 1986. 8 marks