



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESS WAY, JABI – ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2019_1 EXAMINATION

COURSE CODE: BFN401

CREDIT UNIT: 3

COURSE TITLE: INTERNATIONAL FINANCE

TIME ALLOWED: 2^{1/2}HRS

INSTRUCTIONS:

- 1. Attempt Question One (1) and any other three (3) questions**
 - 2. Question 1 carries 25 marks, while the other questions carry 15 marks each.**
 - 3. Present all points in coherent and orderly manner**
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Question 1

i) Briefly explain the term ‘International finance’, and discuss its three basic usefulness.

(8 marks)

ii) Discuss five (5) causes of balance of payments deficit. **(10 marks)**

iii) One way to restore International Equilibrium is through price mechanism. How will this be possible? Justify your answer. **(7 marks)**

Question 2

i) Identify and explain four (4) reasons for undertaking international trade. **(10 marks)**

ii) Discuss the common challenges of international trade. **(5 marks)**

Question 3

i) Explain the problems of devaluation. **(10 marks)**

ii) Highlight the objectives of OPEC. **(5 marks)**

Question 4

i) Discuss the three (3) types of foreign exchange exposure (Risk). **(9 marks)**

ii) Discuss the five (5) major theories of exchange-rate determination. **(6 marks)**

Question 5

- i) Identify six (6) forms of capital and briefly explain three of them. **(9 marks)**
- ii) Discuss six (6) types of international financial instruments that are used to mobilize foreign capital. **(6 marks)**

Question 6

- i) Briefly discuss the importance of portfolio benchmarks. **(6 marks)**
- iii) Discuss the three (3) approaches to analysis of devaluation theory. **(9 marks)**