



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
2022_2 EXAMINATION

Course Code: BFN304

Credit Unit: 3.

Course Title: FINANCIAL SYSTEMS

Time Allowed: TWO AND HALF HOURS

Instructions:

- 1. Attempt Question 1 and any other two (2) Questions.**
- 2. Question 1 is compulsory and carries 30 marks while the other 2 Questions carry 20 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

Question ONE

- Corporate entities and institutions constitute the surplus-deficit units within the economy which require a strong financial system. In line with this, what do you understand by a financial system? (10marks)
- Financial system performs some dynamic functions to the economy, which are geared towards enhancing the performance of the economy to achieve growth and development. Discuss five (5) functions of a financial system. (20marks)

Question TWO

- What do you understand by capital market and its instruments? (10marks)
- Describe an international financial system and its players. (10 marks)

Question THREE

- Identify two regulatory authorities of the financial institutions in Nigeria and describe the roles of the Central Bank of Nigeria (CBN). (10marks)
- Describe five functions of the Nigeria Deposit Insurance Corporation. (10 marks)

Question FOUR

- The Federal Mortgage Bank of Nigeria (FMBN) was established to substitute the defunct Nigerian Building Society, describe the role it played in the financial system.(10marks)
- List 3 each of the bank and non-banking institutions in the structure of the Nigerian financial system. (10 marks)

Question FIVE

- There are some acceptable functions by majority of economists that the Central bank performs based on the views of De Kock. Enumerate any five of these functions. (10marks)
- Discuss five basic differences between the central bank and a commercial bank regarding their structure and operations. (10 marks)