

NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
2023 2 EXAMINATIONS—

Credit Unit: 3.

Course Code: BFN304

Course Title: FINANCIAL SYSTEMS

Time Allowed: Two and half HOURS

Instructions: 1. Attempt Question 1 and any other three (3) Questions.

2. Question 1 is compulsory and carries 25 marks while the other Questions carry 15 marks each.

3. Present all your points in a coherent and orderly manner.

Question ONE

- a. Financial system includes a system of rules, regulations and operational norms which govern financial transactions and financial flows through and within the economy. Expatiate this definition as viewed by Ashamu (2006).
- b. A financial system plays an important role to the economic growth and development of the economy, enumerate five of the vital functions it executes. (25 marks)

Question TWO

- a. Merchant banks evolved to fill the gaps created by commercial banks in terms of the services that were not being performed by them in their operations, discuss any five functions of these Merchant banks.
- b. State some features of marketing bank services. . (15 marks)

Question THREE

- a. State what you understand by an equity instrument in a capital market and give four examples of debt instrument in both a Nigerian capital market and money market.
- b. Discuss the differences in the basic operations and characteristics of primary market and secondary markets.
(15 marks)

Question FOUR

- a. Financial institutions are vital to the country's financial system and they operate under regulatory framework of established government agencies, list and discuss the regulatory authorities concerned with regulating the financial system.
- b. In trying to achieve the goals of financial intermediation, the structure of the Nigerian financial system comprises of both the banking and non-banking institutions and regulatory agencies. Discuss three of the non-banking institutions. (15 marks)

Question FIVE

- a. From an understanding of a financial system, it is said to have several financial intermediaries making the financial intermediation possible, explain them.
- b. Discuss the role of international financial system and list some of its main players. (15 marks)