



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja  
Faculty of Management Sciences, Department of Financial Studies  
**2024 1 EXAMINATION**

Course Code: BFN304

Credit Unit: 3.

Course Title: FINANCIAL SYSTEMS

Time Allowed: 2 ½ HOURS

Instructions:

1. Attempt Question 1 and any other three (3) Questions.
2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.
3. Present all your points in a coherent and orderly manner.

1a. Explain the meaning of a Finance Company as a Finance scholar. (10marks)

1b. Financial markets constitute the network for the transactions of the financial system. Discuss the Nigerian Capital market with emphasis on the instruments. (15marks)

2). The Federal Mortgage Bank of Nigeria (FMBN) was established to replace the defunct Nigerian Building Society. The Bank as the foremost institution in the mortgage industry performs some vital functions. Discuss Five of these functions. (15marks)

3). Write short notes on the following debt instruments in capital market operations

- i. Debentures (5marks)
- ii. Bonds (5Marks)
- iii. Mortgages (5marks)

4a. Explain the concept of Merchant Banking. (5marks)

4b. The merchant banks perform various functions in the course of their operations in the economy. Discuss five of these functions. (10marks)

5a. Insurance business in Nigeria is yet to gain the requisite acceptability despite its manifold benefits to businesses and individuals in the society. Highlight five of these benefits. (5marks)

5b. There are peculiar features of non-interest banking in Nigeria (Islamic banking system) which are considered pertinent. Discuss five of these features. (10marks)