CONFIDENTIAL

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2024 SEMESTER

COURSE CODE	:	EEB30203
COURSE NAME	:	MONEY, BANKING AND CAPITAL MARKET
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN INTERNATIONAL BUSINESS
DATE	:	11 JULY 2024
TIME	:	9.00 AM – 12.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **FOUR (4)** questions.
4. Answer **ALL** questions.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE TWO (2) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

INSTRUCTION: Answer ALL questions. (Total: 100 marks)
Please use the answer booklet provided.

Question 1

Jamiah is a recent college graduate who has just landed her first job at a reputable company. With her newfound financial independence, Jane is eager to make informed decisions about managing her money. She understands the importance of planning for her future and wants to learn more about the financial system to ensure she makes sound financial choices. Determined to set herself up for success, Jamiah decides to seek guidance from a financial advisor.

(a) Explain the roles of financial institutions in the financial system. (15 Marks)

(b) How does the stock market contribute to the financial system? (10 Marks)

[Total: 25 marks]

Question 2

Sarah, a recent graduate with a degree in finance, has just landed her first job at a prestigious investment firm. As part of her role, she is tasked with analyzing the bond market and the money market to understand their interconnectedness within the liquidity preference framework. Eager to excel in her new position, Sarah dives into her research to grasp the intricate relationship between these two key components of the financial system.

(a) Sarah is curious about the bond market's role in the liquidity preference framework. Elaborate on how the bond market influences individuals' and investors' preferences for liquidity. (15 Marks)

(b) Sarah wonders about the connection between the bond market and the money market within the liquidity preference framework. In your opinion, how do changes in bond market conditions influence the money market, and vice versa? (10 Marks)

[Total: 25 marks]

Question 3

Emily, a graduate student majoring in economics, is researching the IS-LM model and its implications for fiscal policy. She is particularly interested in understanding how changes in fiscal policy affect equilibrium output and interest rates in the economy.

(a) Explain the components of the IS-LM model and how it depicts equilibrium in the goods and money markets. (15 Marks)

(b) How does fiscal policy influence equilibrium output and interest rates in the IS-LM model? (10 Marks)

[Total: 25 marks]

Question 4

Discuss **FIVE (5)** factors that can shift the aggregate demand curve. Illustrate your answers with diagrams. (25 Marks)

END OF EXAMINATION PAPER