UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
JULY 2025 SEMESTER

COURSE CODE	:	EEB30203
COURSE NAME	:	MONEY BANKING AND CAPITAL MARKETS
PROGRAMME NAME	:	BACHELOR BUSINESS ADMINISTRATION(HONS) INTERNATIONAL BUSINESS
DATE	:	19 SEPTEMBER 2025
TIME	:	3.00 PM-6.00 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 **FIVE (5) 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 THREE (3) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total: 100 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

(a) Compare the structure and functions of the Federal Reserve (Fed) with Bank Negara Malaysia (BNM).
(6 marks)

(b) Explain how each institution implements monetary policy.
(4 marks)

(c) Analyze how Open Market Operations (OMO) influence interest rates and aggregate demand, using examples from Malaysia.
(10 marks)

Question 2

(a) Analyze how the Quantity Theory of Money explains the relationship between money supply and inflation. Support your explanation with an example from Malaysia.
(10 marks)

(b) Evaluate the effectiveness of using QTM for monetary policy in an emerging economy like Malaysia compared to a developed economy.
(10 marks)

Question 3

(a) Describe the relationship between interest rates and output in the goods market as represented by the IS curve.
(10 marks)

(b) Discuss the significance of the intersection point between the IS and LM curves.
(10 marks)

Question 4

(a) Explain how fiscal policy can affect the IS curve in the IS-LM model. Use a real example from Malaysia to illustrate your answer.

(10 marks)

(b) Suppose Bank Negara Malaysia increases the money supply significantly. Using the IS-LM model, explain what happens to the LM curve, interest rates, and output.

(10 marks)

Question 5

(a) Suppose Bank Negara Malaysia decides to tighten the money supply to fight inflation. Predict and justify the likely short-run and long-run impacts on unemployment.

(10 marks)

(b) Using the concept of "too much money chasing too few goods," evaluate how a sudden injection of money into the economy could impact price levels and employment in Malaysia.

(10 marks)

END OF EXAMINATION PAPER