



**UNIVERSITI KUALA LUMPUR  
BUSINESS SCHOOL**

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**FINAL EXAMINATION  
OCTOBER 2025 SEMESTER**

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<b>COURSE CODE</b>	<b>: EEB30203</b>
<b>COURSE NAME</b>	<b>: MONEY BANKING AND CAPITAL MARKETS</b>
<b>PROGRAMME NAME</b>	<b>: BACHELOR OF BUSINESS ADMINISTRATION (HONS) INTERNATIONAL BUSINESS</b>
<b>DATE</b>	<b>: 27 JANUARY 2026</b>
<b>TIME</b>	<b>: 2.00 PM- 5.00PM</b>
<b>DURATION</b>	<b>: 3 HOURS</b>

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**INSTRUCTIONS TO CANDIDATES**

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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.**

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**THERE ARE THREE (3) PAGES OF QUESTIONS, INCLUDING THIS PAGE.**

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**SECTION A (Total: 100 marks)****INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 1**

- (a) Analyze how an increase in money supply affects the price level using the Quantity Theory of Money (QTM).  
Assume the velocity of money and real output remain constant. (10 marks)
- (b) Examine how Keynes's Liquidity Preference Theory explains the determination of interest rates in the economy. (15 marks)

**Question 2**

- (a) Assume interest rates in the economy decrease due to easier access to bank loans. Apply the IS curve concept to explain how this change affects spending and real output (GDP) in the goods market. (10 marks)
- (b) Suppose national income in the economy increases while the money supply remains unchanged. Using the LM curve, apply how this situation affects the interest rate. (10 marks)
- (c) Apply the IS–LM model to explain why the IS curve slopes downward. (5 marks)

**Question 3**

- (a) The Malaysian government increases spending on infrastructure projects to stimulate economic growth.  
Explain how this fiscal policy affects output (Y) and interest rate (r) by using IS–LM model (10 marks)
- (b) Assume Bank Negara Malaysia increases the money supply by cutting the Overnight Policy Rate (OPR).  
Using the IS–LM model, apply monetary policy effects to explain the changes in interest rate (r) and output (Y). (10 marks)

- (c) Explain in IS-LM model, why a decrease in taxes can increase national income. (5 marks)

**Question 4**

- (a) Assume Bank Negara Malaysia increases the money supply to stimulate the economy during an economic slowdown.

Explain how this policy affects employment levels in the short run. (10 marks)

- (b) Suppose the government distributes large cash assistance to households while the number of goods and services in the economy remains unchanged. Apply the theory of money and inflation to explain what is likely to happen to the price level. (10 marks)

- (c) Using a simple real-life example, apply the concept of “too much money in the economy” to explain inflation. (5 marks)

**END OF QUESTION PAPER**