UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EGB10203
COURSE NAME	:	MONEY BANKING AND FINANCIAL INSTITUTIONS
PROGRAMME NAME	:	BACHELOR OF SCIENCE (HONOURS) IN ANALYTICAL ECONOMICS
DATE	:	30 JUNE 2026
TIME	:	2.00PM – 5.00PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given on this question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This examination comprises of only **ONE (1)** section.
4. You are required to answer only **FOUR (4)** questions
5. Please write your answer in 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 only **FOUR (4)** questions. As each question brings in 25 marks, the maximum mark for this examination is 100.

Question 1

(a) Explain **TWO (2)** main functions of a central bank.
(4 marks)

(b) Briefly explain **THREE (3)** monetary policy tools used by central banks.
(9 marks)

(c) Explain how an increase in the reserve requirement affects the money supply.
(12 marks)

Question 2

(a) Explain the role of commercial banks in the money creation process.
(10 marks)

(b) Calculate the money multiplier if the reserve requirement is 20%.
(5 marks)

(c) Briefly explain fractional reserve banking.
(5 marks)

(d) Explain **TWO (2)** limitations of the money multiplier process.
(5 marks)

Question 3

(a) Explain **THREE (3)** goals of monetary policy.
(10 marks)

(b) Differentiate between rules-based monetary policy and discretionary monetary policy.
(8 marks)

(c) Discuss **ONE (1)** advantage and **ONE (1)** disadvantage of discretionary monetary policy.
(7 marks)

Question 4

(a) Briefly explain the main components of a bank balance sheet.
(10 marks)

(b) Explain **THREE (3)** types of risks faced by banks.
(9 marks)

(c) Explain **TWO (2)** risk management strategies used by banks.
(6 marks)

Question 5

(a) Explain **THREE (3)** differences between traditional payment mechanisms and fintech innovations.

(9 marks)

(b) Briefly explain blockchain technology and cryptocurrency.

(6 marks)

(c) Discuss **TWO (2)** advantages and **TWO (2)** disadvantages of Central Bank Digital Currencies.

(10 marks)

END OF EXAMINATION PAPER