



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2026 SEMESTER**

COURSE CODE : EEB30203
COURSE NAME : MONEY BANKING AND CAPITAL MARKETS
PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE WITH HONOUR
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