

SECTION A

OBJECTIVES (25 marks)

INSTRUCTION:

This section consists of **TWENTY FIVE (25)** objective questions.

Answer **ALL**.

1. Interest rate is [CLO1]
 - A. the cost of using borrowed funds
 - B. a key variable that influences investment in capital goods
 - C. strongly influenced by monetary policy actions
 - D. all of the above

2. The following institution is a Non-Bank Financial Intermediaries. [CLO1]
 - A. Bank Simpanan Nasional
 - B. Cagamas Berhad
 - C. Pilgrims Fund Board
 - D. Merchant Bank

3. The objectives of establishing Labuan IOFC are as follows **EXCEPT** [CLO1]
 - A. To create a favourable tax regime
 - B. To enhance the attractiveness of Malaysia as an investment centre
 - C. To supplement the onshore financial system centre in Kuala Lumpur by tapping the growing demand for tailored financial and related services.
 - D. To strengthen the contribution of broad financial sector to the progress of diversified economic growth.

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
DECEMBER 2011 SESSION

PB303: BANKING IN MALAYSIA

DATE : 30 APRIL 2012 (MONDAY)
DURATION : 2 HOURS (11.15 AM – 1.15 PM)

This paper consists of **THIRTEEN (13)** pages including the front page.
Section A: Objective (25 questions – answer all)
Section B: Essay (THREE (3) questions – answer all)

CONFIDENTIAL

**DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED BY THE
CHIEF INVIGILATOR**

(CLO stated at the end of each question is referred to the learning outcome
of the topic assessed. The CLO stated is only for lecturer's reference.
Student can ignore the CLO stated)

6. What is SLR? [CLO2]
- Statutory Liquidity Ratio
 - State Level Recovery
 - Sundry Leverage Ratio
 - State Liquidity Reserve
7. The following statement is **FALSE** about objectives of Bank Negara Malaysia [CLO2]
- To issue currency and keep reserves while safeguarding the value of the currency.
 - To act as a banker and financial adviser or agent to the Government.
 - To promote monetary stability and a sound financial structure.
 - To promote a stable economic growth.
8. 'To control the inflation rate and to maintain the value of our currency.....'. This statement refers the role of BNM which is to [CLO2]
- promote a sound financial structure.
 - approve license of bank and non-banks.
 - control liquidity requirement.
 - manage interest rate.

4. To accommodate the onshore financial system centre in Kuala Lumpur, the growing demand for tailored financial and related services has led to the establishment of ... [CLO1]
- MDEX
 - BSM
 - KLIBOR
 - IOFC
5. Measures have been undertaken as a foundation to enhance the capability and capacity of the domestic financial system. The measures mention in the statement includes [CLO1]
- creating strong, efficient, competitive and resilient banking system that would be better able to withstand future shocks, thereby, minimizing the adverse implications on macroeconomic stability.
 - accelerating implication of measures to broaden and deepen financial markets and strengthen the financial infrastructure.
 - inculcating strong risk management skills in order to ensure that there is no excessive risk taking that could result in adverse implications, given the increasing volatility of the financial environment.
 - promoting dynamism in developing new products and management systems.
- i
 - i , ii
 - i, ii , iii
 - i, ii, iii, iv

13. The following definition can be used to define 'the financial company business' [CLO2]
- i. The business of receiving deposit on deposit account, saving account, or other similar account
 - ii. Leasing business or the business of hire purchase
 - iii. Short-term money market
 - iv. Capital raising activities
- A. i and ii
 - B. ii and iii
 - C. iii and iv
 - D. i and iv
14. Services typically offered are hire purchase and leasing including housing loans, education loans and lending for purchasing of stock and shares. This information is referred to [CLO2]
- A. Commercial Banks
 - B. Central Bank
 - C. Finance companies
 - D. Merchant bank
15. 'Bank that deals mostly in international finance, long-term loans for companies and underwriting, do not provide regular banking services to the general public'. This statement refers to [CLO2]
- A. Commercial Bank.
 - B. Central Bank.
 - C. Saving Bank.
 - D. Merchant Bank.

9. Which of the following has been implemented by Bank Negara Malaysia (BNM) to deal with the ASIAN financial crisis in 1997-1998? [CLO2]
- A. Designed and implemented selective exchange instrument
 - B. Balanced or slight surplus budget but cutting expenditure
 - C. The listening of Monetary policy was aimed at restricting and calming the foreign exchange market
 - D. The setting up *Pengurusan Domestik Nasional Berhad* to purchase bad loan from financial Institutions.
10. Key factor in integrating banking market across the globe includes
- A. General Knowledge
 - B. The relationship between world country
 - C. Banking services
 - D. Technological advances in telecommunications.
11. A "bank is defined as ; a person which carries on banking business". This phrase is related to ... [CLO2]
- A. Commercial Banks
 - B. Central Bank
 - C. Islamic Bank
 - D. Merchant bank
12. The main function of Commercial banks are as follow **EXCEPT** [CLO2]
- A. Cross border payment services
 - B. To provide Treasury services
 - C. Lending of money
 - D. To provide Custody services such as safe deposit and share custody

19. Ahmad is planning to buy a house at the end of this year. He is considering Islamic banking system for hire purchase since he cannot afford to pay in lump sum payment. What is the name of hire purchase contract in Islamic banking system? [CLO3]
- Qardul Hassan.
 - Al-Ijarah.
 - Musharakah.
 - Hibah.
20. Riba' in conventional banking arises out of [CLO 3]
- loan where the borrowers repays more than the principal
 - loan where the lender imposes a condition for extra payment
 - sales of non halal goods
 - trading where the price is not fixed
21. The first Islamic bank established in Malaysia is [CLO3]
- CIMB
 - RHB Islamic
 - AmBank
 - BIMB

16. Non-bank institution is formed especially for saving, which of the following is the non-bank institution in Malaysia? [CLO2]
- Public Mutual
 - Public Bank Berhad
 - Great Eastern Insurance
 - Aseambankers Malaysia Berhad
17. Below are financial facilities in Islamic banking concept **EXCEPT** [CLO3]
- Hire purchase financing under the principles of Al Bai Bithaman Ajil
 - Guarantee under the principles of Al Kafalah
 - Benevolent loans under the principles of Qard Hassan
 - Insurance under the principles of conventional
18. "This is a loan extended on a goodwill basis, and the debtor is only required to pay back the principle." This statement refers to [CLO3]
- Qardul Hassan.
 - Al-Ijarah.
 - Musharakah.
 - Hibah.

25. The following statement is the advantage of online banking. [CLO4]
- A. Able to do business with anybody, anywhere in the world.
 - B. There is no need to have a large staff force to serve banking the customers.
 - C. Internet banking allows for new ways to conduct illegal and fraudulent activities.
 - D. The customer can have access to his bank at any time convenient.

22. Define electronic banking [CLO4]
- A. The use of computers to carry out banking transactions such as withdrawals through cash dispensers or transfer of funds at point of sale.
 - B. The use of ATM's Machine.
 - C. Withdrawal money from bank.
 - D. Electronic banking service is called electronic funds transfer, or EFT
23. Which of the following service is a non-consumer-activated electronic banking service? [CLO4]
- A. Electronic Funds Transfer
 - B. International Funds Transfer
 - C. Electronic Funds Transfer at Point of Sale
 - D. Cash Dispensers
24. Home and office banking are now becoming popular in banking services. These services can be categorized as [CLO4]
- A. consumer-activated electronic banking system
 - B. non-consumer-activated banking system
 - C. electronic banking and services
 - D. electronic funds transfer services

QUESTION 2

Commercial bank is one of the major component in our financial systems. Basically this institution offers retail and trade banking services for both international and local markets.

- a) Describe **THREE (3)** roles and responsibilities of commercial bank.
[CLO2]
(6 marks)
- b) Briefly explain **ALL** remittance services provided by commercial bank.
[CLO2]
i. Telegraphic Transfer.
ii. Standing Instruction.
iii. Demand Draft.
(9 marks)
- c) Commercial bank also provides services on leasing, hire purchase and term loan. Discuss the differences between these instruments. [CLO2]
(10 marks)

SECTION B

ESSAY (75 marks)

INSTRUCTION:

This section consists of **THREE (3)** essay questions.

Answer **ALL**.

QUESTION 1

- a) State **FOUR (4)** objective of Bank Negara Malaysia (BNM) [CLO1]
(4 marks)
- b) State the organizational structure of Bank Negara Malaysia (BNM) and briefly explain about "*The relationship between BNM and the international Institutions*". [CLO1]
(5 marks)
- c) Describe the information below : [CLO1]
- (i) Monetary control-statutory Reserve Requirements (SRR)
 - (ii) Liquidity Requirements (LR)
 - (iii) Interest rate management
 - (iv) Discount Operations

(16 marks)

QUESTION 3

- a) State **THREE (3)** comparisons between Islamic Banking System and Conventional Banking System. [CLO3] (6 Marks)
- b) Briefly explain the principles of Islamic financial system below:
[CLO3]
- (i) Al-Musyarakah (4 Marks)
 - (ii) Al Mudharabah (4 Marks)
 - (iii) Al- Murabahah (4 Marks)
 - (iv) Al-Ijarah (4 Marks)
 - (v) Al-Bai Bithaman Ajil (3 Marks)