

SECTION A

OBJECTIVES (25 marks)

INSTRUCTION:

This section consists of **TWENTY FIVE (25)** objective questions. Write your answer's in the answer booklet.

1. What are the challenges faced by the financial sectors in global economy? [CLO1: C2]
 - A. Liberalization in the financial system
 - B. Secrecy
 - C. Consumption
 - D. Production

2. Which of these banking products are offered by investment banks? [CLO 1: C2]
 - A. Saving accounts/deposit
 - B. Underwriting
 - C. Cheque books
 - D. Credit Cards

3. The following are services rendered by an investment bank, **EXCEPT** _____ [CLO 1 : C2]
 - A. assist public and private corporations in raising funds in the capital markets.
 - B. underwrite stock and bond issues and other types of financial transactions.
 - C. trade financing facilities such as letters of credit and discounting of trade bills.
 - D. advice on mergers and acquisitions.

4. Under *this act*, finance companies are allowed to carry out transactions in short term and medium-term credit markets, but these companies are not allowed to accept current account deposits, to deal in gold and foreign exchange, to grant overdraft and to grant loans without collateral

The act stated above refers to _____ . [CLO 1: C1]

 - A. Money Lender Ordinance 1951
 - B. Hire-Purchase Act 1967
 - C. Borrowing Companies Act 1969
 - D. Finance Companies Act 1969

POLITEKNIK
Jabatan Pengajian Politeknik

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

COMMERCE DEPARTMENT

FINAL EXAMINATION

JUNE 2012 SESSION

PB303: BANKING IN MALAYSIA

DATE: 24 NOVEMBER 2012(SATURDAY)

DURATION: 2 HOURS (11.15 AM – 1.15 PM)

This paper consists of **TEN (10)** pages including the front page.

Section A: Objective (25 questions – answer all)

Section B: Essay (3 questions – answer all)

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THE CHIEF INVIGILATOR**

(The CLO stated is for reference only)

9. Aiman is planning to buy a house at the end of this year. He is considering an option to use Islamic banking system since he cannot afford to pay in lump sum. Which of the following can be categorized as a hire purchase contract in Islamic banking system? [CLO 2: C2]
- Al-Bai' Bithaman Ajil
 - Al-Ijarah
 - Musharakah
 - Hibah
10. Which one of these concepts is **TRUE** about Islamic banking product? [CLO 2: C2]
- Ar-Rahn; sale and buy back agreement.
 - Al-Bai' Bitaman Ajil; deferred payment sale.
 - Al-Mudharabah; advance payment.
 - Hibah; profit sharing.
11. Electronic debit and credit transfers are now becoming popular in banking services. These services can be categorized as _____ [CLO 2: C2]
- consumer-activated electronic banking system.
 - non-consumer-activated banking system.
 - electronic banking and services.
 - electronic funds transfer services.
12. This system will allow you to pay for retail purchases using your ATM card and the amount for the purchase is transferred immediately to the store's account. This service refers to _____ [CLO 2: C2]
- EFTPOS.
 - Internet Banking.
 - ATM Transaction.
 - E-POST.
13. The following statements are objectives of Bank Negara Malaysia (BNM) **EXCEPT** [CLO 2 : C1]
- it issues currency and keep the reserves safeguarding the value of the currency
 - it acts as a banker and financial adviser to the Government
 - it influences the credit situation to the advantage of Malaysia
 - it receives deposits from agencies and publics

5. _____ provides members and their dependents with a measure of social security in the form of retirement, medical, death and disability benefits. [CLO 2: C1]
- Development Finance Institution
 - Provident and Pension Funds
 - Insurance Companies
 - Venture Capital Companies
6. Which of the followings are **TRUE** to describe a factoring company?
- Firm that buys business's open-book accounts
 - Firm that purchases the rights to receive future payments from a structured settlement annuity in return for a lump sum payment to the seller
 - The company purchases account receivables from the client.
 - Customarily absorbs all losses if the debtors do not pay
- [CLO 2: C2]
- i, ii and iii
 - i, ii and iv
 - ii, iii and iv
 - i, ii, iii, and iv
- 7.
- Provides secondary mortgage liquidity facility.
 - Issues debt securities such as bonds, AAA debt securities and SUKUK
 - Pay the investors upon the maturity of the debt securities.
- The above statement refers to _____ [CLO 2: C2]
- Credit institution
 - Cagamas
 - Credit assurance company
 - Leasing company
8. "This is a loan extended on a goodwill basis, and the debtor is only required to pay back the principle." This statement refers to _____ [CLO 2: C2]
- Qardul Hassan
 - Al-Ijarah
 - Musharakah
 - Hibah

18. Which of following steps in a monetary policy can decrease the problems of economy inflation? [CLO 2 : C1]
- Purchase of government guarantee letters, decrease reserve ratio and increase interest rate
 - Sale of government guarantee letters, increase reserve ratio and increase interest rate
 - Sale of government guarantee letters, decrease reserve ratio and increase interest rate
 - Purchase of government guarantee letters, increase reserve ratio and increase interest rate
19. The Financial Institutions comprise of _____ [CLO 2 : C2]
- financial market and financial intermediaries
 - banking system and non-bank financial intermediaries.
 - money market and non- bank financial intermediaries
 - commercial bank and finance companies
20. Banking and Financial Institutions Act 1989 (BAFIA) controls all __ [CLO1: C2]
- institutions carrying on banking
 - institutions carrying on banking, finance company, merchant banking
 - institutions carrying on banking, finance company, merchant banking, discount house, money-broking businesses and institutions of scheduled business carrying on credit and finance
 - money-broking businesses and institutions of scheduled business carrying on credit and finance
21. A "bank is defined as; a person which carries on banking business". This phrase is related to _____ [CLO2 : C1]
- Commercial Bank
 - Central Bank
 - Islamic Bank
 - Investment Bank

14. In 1994, Bank Negara Malaysia Act has been announced to replace _____ [CLO 2 : C1]
- Ordinan Bank Negara Tanah Melayu 1958
 - Akta Bank Negara Tanah Melayu 1958
 - Ordinan Bank Negara Malaysia 1958
 - Akta Bank Negara Malaysia 1958
15. One of the challenge faced by the financial sector from global economy is _____ [CLO 1: C2]
- technological advances effect inefficient in payment system
 - rapid introduction of new financial instruments in the market
 - transfer of large amounts of funds in the longer period of time
 - no limitation on withdrawal of fund in the large amount due to global changes in economy
16. The objectives of IOFC are:- [CLO 1 : C2]
- To enhance the attractiveness of Malaysia as an investment centre
 - To supplement the onshore financial system centre in Kuala Lumpur
 - To strengthen the contribution of broad financial sector to the progress of diversified economic growth
 - To diversify the growth opportunities of the nation by increasing unemployment
- i,ii, and iv
 - i and ii
 - i,ii, and iii
 - ii and iv
17. Statutory reserves are _____ [CLO 2 : C1]
- minimum liquidity requirement to be kept in commercial bank
 - compulsory savings made by commercial banks and other financial institutions in Bank Negara Malaysia
 - the interest rate given by commercial banks
 - investment savings in commercial banks

SECTION B

INSTRUCTION:

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

QUESTION 1

- a) List **FOUR (4)** types of financial market in Malaysia [CLO 1:C1]
(4 marks)
- b) Describe regulation of financial system as stated below: [CLO 1:C2]
(9 marks)
- i. BAFIA (Banking and Financial Institution Act 1989)
 - ii. OBA (Offshore Banking Act)
 - iii. IBA (Islamic Banking Act)
- c) Explain **THREE (3)** objectives of Labuan International Offshore Financial Centre (IOFC) [CLO 1:C2]
(6 marks)
- d) Explain **THREE (3)** factors that contribute to the successful operation of Labuan International Offshore Financial Centre (IOFC) [CLO 1:C2]
(6 marks)

22. Which of the following statements are **NOT TRUE** about objectives of Bank Negara Malaysia? [CLO 2: C1]
- A. To issue currency and keep reserves while safeguarding the value of the currency.
 - B. To act as a banker and financial adviser or agent to the Government.
 - C. To promote monetary stability and a sound financial structure.
 - D. To act as banker to the banks.
23. Which of the following statements refer to the challenges faced by the financial sectors? [CLO1 : C2]
- i. Technological advances in telecommunications, information processing and computing.
 - ii. Increasing competition from the liberalization of financial services.
 - iii. The rapid intensification of globalization.
 - iv. The nature of greed and imprudence among the management sector.
- A. i and iii
 - B. ii, iii and iv
 - C. iii and iv
 - D. i, ii, iii, and iv
24. "The responsibility to ensure safety, soundness and robustness of the financial institutions....." Source: Bank Negara Malaysia
These functions refer to _____ [CLO2: C2]
- A. Payment System Department
 - B. Banking Supervision Department
 - C. Economics Department
 - D. Control of Banking Department
25. "This *Act* governs the licensing and regulations of a person carrying on offshore banking business and offshore financial business and for matters incidental there to or connected therewith."
The above statement refers to _____ [CLO1: C1]
- A. Banking and Financial Institutions Act 1989
 - B. Offshore Banking Act 1990
 - C. Islamic Banking Act 1983
 - D. Finance Companies Act 1969

QUESTION 3

- a) “And if you are on journey and cannot find a scribe, pledges (may be taken) in hand: but if you one another, then let him be conscious of God his sustainer”. – Al- Baqarah: 283

Describe the meaning of Al-Rahn

[CLO 2: C1]

(3 Marks)

- b) Islamic Bank, as economic and social institutions, has certain traits prescribed by their specific nature, drawing their principle and rule from Islamic Shariah.

Briefly discuss the differences between Islamic Banking and Conventional banking

[CLO 2: C2]

(12 Marks)

- c) Describe **FIVE (5)** needs of Islamic banking in Malaysia.

[CLO 2: C2]

(10 Marks)

QUESTION 2

- a) Briefly describe the following services offered by Commercial Bank.

- i. Saving account (3 marks)
- ii. Current account (3 marks)
- iii. Fixed deposit accounts (3 marks)

[CLO 2: C2]

- b) Automatic Teller Machine (ATM) is the service provided by commercial banks in assisting their customers while performing their banking transaction. Based on this statement, classify the **THREE (3)** advantages and **THREE (3)** disadvantages faced by customers.

[CLO 2: C2]

(12 marks)

- c) Commercial banks provide various types of services and facilities such as Deposits, Remittance, Loans & Advances and other financial services. List **FOUR (4)** major services / products offered by commercial banks under remittance.

[CLO 2: C1]

(4 marks)