



NATIONAL OPEN UNIVERSITY OF NIGERIA
91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2021_1 EXAMINATION

COURSE CODE: BFN740

CREDIT UNIT: 2

COURSE TITLE: REGULATION OF FINANCIAL INSTITUTIONS

TIME ALLOWED: 2HOURS

Instruction: 1. Attempt question number one (1) and any other two (2)

2. Question number one (1) is compulsory and attracts 30 marks, while any other two questions attract 20 marks each

3. Present your answers any points in a clearly and orderly manner

1a. What is information asymmetry? Discuss briefly the effect of asymmetric information on the operations of financial markets. **7.5 marks**

1b. Banks are often regarded as heavily regulated financial institutions. Advance reasons for such level of regulation in banking institutions. **2.5 marks**

1c. Enumerate the implications of the 1986 Banking Sector Liberalization Policy in Nigeria which derives from the implementation of the Structural Adjustment Programme (SAP). **5 marks**

1d. Outline the efforts of the regulatory authorities towards banking system stability in Nigeria. **5 marks**

1e. Briefly explain the measures introduced by the Securities and Exchange Commission to protect investors. **2 marks**

1f. List at least six vital disclosures in a prospectus **3 marks**

1g. Identify at least five regulators in the Nigeria financial system **2.5 marks**

1h. Briefly discuss the direct control instrument of economic stabilization **2.5 marks**

2a. Outline the major highlights of the 1952 Banking Ordinance **2.5 marks**

2b. State at least eight contributions of regulation to the development and proper functioning of financial institutions. **8 marks**

2c. Mention any five strategies adopted by the NDIC in the management of banking distress. **5 marks**

2d. Globalization has made possible the integration of financial markets across the globe, and organizations strive to compete at the global level. Discuss the common difficulties associated with international financial markets. **4.5 marks**

3a. State any five (5) functions rendered by the Securities and Exchange Commission. **5 marks**

3b. Discuss the technique of OMO as an instrument of monetary control. **10 marks**

3c. Briefly explain five(5) criticisms of direct control instrument of economic stabilization. **5 marks**

4a. Distinguish fiscal and monetary policy **5 marks**

4b. List any ten objectives of regulation **5 marks**

4c. State the functions of NDIC as provided by its enabling Act. **5 marks**

4d. State any five sources of instability in the Nigerian banking industry **5 marks**