



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**2024 1 EXAMINATION**

**Course Code:** BFN 407  
**Course Title:** Investment Banking  
**Time Allowed:** 2 ½ HOURS  
**Instructions:**

**Credit Unit: 3**

1. Attempt Question 1 and any other three (3) Questions
2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.
3. Present all your points in a coherent and orderly manner.

**QUESTION ONE**

- a. Explain the following credit control by the Central Bank of Nigeria:
- i. Moral suasion (3 marks)
  - ii. The Require Reserve Ratio (3 marks)
  - iii. Open Market Operations (OMO) (3 marks)
  - iv. Bank Rate or Discount Rate Policy (3 marks)
  - v. Selective credit control (3 marks)
- b. Define the term “bank” as expressed by the court (5 marks)
- c. Distinguish between the shifitability theory and the anticipated income theory (5 marks)
- (Total = 25 marks)**

**QUESTION TWO**

- a. Identify SEVEN (7) functions of the Stock Exchange (7 marks)
  - b. List and explain FOUR (4) functions of the Central Bank (8 marks)
- (Total 15 marks)**

**QUESTION THREE**

- a. Under theories of banking, explain the theory of liability management (5 marks)
  - b. The Central Bank of Nigeria controls credit to achieve specific objectives. Mention and discuss FIVE (5) of these objectives. (10 marks)
- (Total 15 marks)**

**QUESTION FOUR**

- a. Discuss the rationale or basis for establishing development banks (5 marks)
  - b. Mention and discuss FIVE (5) functions of commercial banks (10 marks)
- (Total 15 marks)**

**QUESTION FIVE**

- a. What is a Consortium? (4 marks)
- b. Identify FIVE (5) assumptions that is made during credit creation by commercial banks (5 marks)
- c. Mention THREE (3) differences between merchant banks and commercial banks (6 marks)