



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

**BACHELOR OF COMMERCE HONOURS DEGREE IN
BANKING & FINANCE**

INTRODUCTION TO FINANCIAL MARKETS & INSTITUTIONS

HBAF 404

PART 4 SEMESTER 1 EXAMINATION

TOTAL MARKS [100]

DATE: JUNE 2024

Time: 3 Hours

INSTRUCTIONS

- 1 This paper has *six (6)* questions
 - 2 Answer Question One (*1*) and any other *three (3)*
 - 3 Each question carries *25 marks*
 - 4 Start each question on a new page
-

1. Analyze the major components of the Zimbabwean Financial System.(25 marks)

2. a) Discuss the role of interest rates and their usage in banking and finance. (10marks)

b) With the aid of an example, explain the effects of interest rate change in the economy. (8 marks)

c) Suppose that the Treasury decides to finance its deficit with mostly, short term funds. How could this decision affect the term structure of interest rates. (7 marks)

3. Analyse the significance of the Portfolio theory to an investor in the financial markets. (25)

4. With aid of examples, examine any five advantages and disadvantages of inter-mediated finance.(25 marks)
- 5 Examine the main features of financial market regulation, deregulation and post deregulation in an economy.(25 marks)

6. Explain the trading procedure for purchase and sale of securities at the Zimbabwe Stock Exchange.(25 marks)

END OF PAPER