



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF TECHNOLOGY IN ECONOMICS	
QUALIFICATION CODE: 23BECO	LEVEL: 6
COURSE CODE: FII212S	COURSE NAME: FINANCIAL INTERMEDIATION & INSTITUTIONAL INVESTMENT
SESSION: JANUARY 2019	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER

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INSTRUCTIONS

1. This question paper consists of 5 Questions candidates. Answer **ALL** Questions.
2. Number your answers in accordance with the question paper.
3. Start each answer on a new page.
4. Write clearly and legibly.

PERMISSIBLE MATERIALS

1. Pen
2. Ruler
3. Calculator

THIS QUESTION PAPER CONSISTS OF 2 PAGES (Including this front page)

QUESTION 1 [25 MARKS]

Elaborate upon the following technical terms in relation to Finance:

- a) Default risk
- b) Inflation risk
- c) Interest rate risk
- d) Moral hazard in credit markets.
- e) Adverse selection in insurance markets

QUESTION 2 [20 MARKS]

Discuss any five basic functions of financial markets.

QUESTION 3 [10 MARKS]

Why an investor may prefer to issue a financial instrument in the money market rather than the capital market? Explain?

QUESTION 4 [25 MARKS]

Track down the evolution of the payment system in the world from Agrarian to modern world.

QUESTION 5 [20 MARKS]

One of the way Corporations raise capital in the market is by issuing a stock. Explain what a stock is and why corporations issues stock?

Good Luck!