

International Islamic University Chittagong

Department of Economics & Banking

Final Term Examination : Spring -2023

Program: MSS in Economics and Banking

Course Code-BNKG-5205

Time: 3 Hours

Course Title: Financial Market & Institutions.

Full Marks: 50

Answer the following question. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.

- 1
 - a What factors should investor consider when participating in the primary market? 03
 - b Explain the process of IPO and its significance in the primary market. 04
 - c How does liquidity in the secondary market impact investors and the overall market? 03

- 2
 - a What is Mortgage Market and how does it function in the context of real estate financing? 04
 - b What factors should considered by lenders when determining mortgage eligibility and interest rate? 03
 - c What are the risks associated with investing in mortgage-backed securities? 03

- 3
 - a In what ways derivative markets contribute to market efficiency and liquidity and what potential challenges might arise as result of their widespread usage? 05
 - b How derivative instrument enables investors and businesses to manage and mitigate risk in their financial portfolios? 05

- 4
 - a Define the money market and explain its key functions. 03
 - b How do interest rate fluctuations impact the money market, and what strategies can investors and financial institutions employ to manage the associated risk and maximize their returns in a dynamic interest rate environment? 05
 - c What are the types of Money market securities? 02

- 5
 - a Explain the role of government interventions in mitigating financial market failure. 02
 - b What are constraints on the development of the bond market and give recommendations for improvement of the bond market in Bangladesh. 04
 - c What is stock market crash? What are reason behind the stock market crash in Bangladesh? 04

- 6
 - a How do the roles and responsibilities of a stock broker differ from those of a stock dealer in facilitating trades and providing services to investors? 04
 - b What is short selling in the context of the stock market, and what are the key factors that an investor should consider before engaging in short selling? 04
 - c State three recent setbacks of banking sector in Bangladesh. 02