

**THE INSTITUTE OF BANKERS, BANGLADESH (IBB)**  
**98th Banking Professional Examination, 2024**

JAIBB

Monetary and Financial System (MAFS)

Subject Code: 101 Time-3 hours

Full marks-100 Pass marks-45

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**Q1.**

- (a) What is money? List and summarize the primary functions of money.  
(b) Does liquidity support from Bangladesh Bank to Commercial bank over a long period is good deed for stable banking industry? Discuss.  
(c) Suppose the following table shows different forms of money of Bangladesh Economy:

*(Billions of Taka)*

	<b>2020</b>	<b>2021</b>	<b>2022</b>
<i>Currency Outside Bank</i>	1840	1850	1865
<i>Demand deposit</i>	1944	1960	1986
<i>Current deposit</i>	1362	1358	1376
<i>Savings deposit</i>	5780	5968	6105
<i>Time deposit</i>	4212	4794	5790

- (i) Calculate  $M_1$  and  $M_2$  money supply for each year and growth rate of  $M_1$  and  $M_2$  from the previous year.  
(ii) (ii) Why are the growth rates of  $M_1$  and  $M_2$  different? Explain.

**Q2.**

- (a) Write down Keynesian money demand function and explain.  
(b) Does slow growth of demand and time deposit indicates bad/good signal for economy? Explain.  
(c) Draw a relation between nominal rate of interest, real rate of interest and inflation.  
(d) Recently BB issued digital banking license. Do you think digital banks will open the opportunity to enhance financial inclusion?

**Q3.**

- (a) Why electronic payment is popular? Discuss briefly. 5  
(b) Do you think 'Taka Pay' card is a rival of visa/Master card? Explain shortly. 5  
(c) Which payment method i.e. MPS/Traditional is more effective to enhance wage earner remittance? Explain. 6  
(d) What do you mean by contactless payment? Explain.

**Q4.**

- (a) Why do surplus units prefer to deposit to financial institution rather than investment directly?  
5
- (b) List at least five roles of banks play in an economy. 5
- (c) Bank intermediation may be treated as 'risk arbitrage'. What does it mean? 5
- (d) What are differences between micro credit and micro finance?

**Q5.**

- (a) How much non-earning asset is desirable for sound banking? Explain. 4
- (b) State and explain the economic basis of financial intermediation. 6
- (c) What are characteristics of efficient financial market? 4
- (d) What are key differences between bank and NBFIs?

**Q6**

- (a) What is freely floating exchange rate? How it helps of combat inflation? 2+6=8
- (b) Calculate the present value of a taka 1000 zero coupon bond with 7 years to maturity if the yield to maturity is 8%. 6
- (c) "A low price-earning (PE) ratio provoke to buy stock" is this statement true/false? Explain.

**Q7.**

- (a) Do you believe that there is a relationship between social factors i.e. Lack of Governance/widespread corruption with the demand for bond? Explain logically.
- (b) Calculate the yield when a bank purchase a T-bill with six month maturity and Tk. 1,000 par value for 960. 6
- (c) Please have a look-National Income Equation ( $Y=C+I+G + NX$ ). Draw the connection between NX and Foreign Exchange Reserve.

**Q8.**

- (a) Write the main functions of Bangladesh Bank as stipulated in BB Order, 1972. 6
- (b) Do you think Weakness in supervision is the main causes of fraud/ forgery happened recently in banking industry? Discuss briefly. 6
- (c) Describe the following two core policies of BB:
  - (i) Reserve Management Strategy
  - (ii) Interest Rate Policy.

**Q9.**

- (a) Explain the role of money in Islamic economics and finance. 5
- (b) List three key Shariah Principles to adopted by Islamic banks in delivering their products. 3
- (c) Based on principles, what are the available Islamic financial instruments? How do you differentiate between them? 2+4=6
- (d) How come Ijma & Qiyas (as source of Shariah law) are different from Quran and Hadith?

**Q1.**

**Write short notes (any five):**

- (a) SMART
- (b) IRR
- (c) Qard Hassan and Rahn
- (d) Assymmetric information & adverse selection
- (e) BFTN & RTGS
- (f) Economic Growth and Development
- (g) Deposit Insurance (h) Price Stability