FACULTY/COLLEGE	College of Business and Economics
DEPARTMENT	Finance and Investment Management
CAMPUS(ES)	SWC
MODULE NAME	Banking Operations 2A
MODULE CODE	BOP22A2
SEMESTER	First
ASSESSMENT OPPORTUNITY, MONTH AND YEAR	Semester Test 1 June 2019

ASSESSMENT DATE	12 June 2019	**SESSION**	Morning
ASSESSOR(S)	Mr T.A Gandanhamo		
MODERATOR(S)	Mr E Kodisang		
DURATION	3 hours (180 mins)	**TOTAL MARKS**	100

NUMBER OF PAGES OF QUESTION PAPER (Including cover page)	4

INFORMATION/INSTRUCTIONS:

- This is a closed Book Assesment.
- Read the questions carefully and answer only what is asked.
- Answer all the questions.
- Only approved calculators allowed.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
- No Acronyms will be marked, write your answers in full.
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

Question 1 (16 Marks)

1.1Well developed financial markets contribute to sound financial system and also assist the economy to be able to participate in international markets. Differentiate between the following markets: (8)

I. Primary and Secondary Market
II. Over the counter and Exchange Driven Market
III. Spot and Derivative Market
IV. Money and bond Market

1.2 List at least 8 Functions of the Financial System (8)

Question 2 (19 Marks)

The South African Reserve Bank was established in 1921 as the central bank of South Africa in terms of the Currency and Banking Act 31 of 1921.

2.1Name the seven core functions of the Central Bank (7)

2.2 Define the National Payment System and how it is conducted in South Africa (8)

2.3 Discuss the Central Bank Independence (4)

Question 3 (20 Marks)

3.1 List any three services offered by friendly societies to their members. (3)

3.2 Discuss the below Microfinance terminology: (12)

i. Microcredit
ii. Group Lending
iii. Collateral
iv. Rotating savings and credit associations (ROSCAs)
v. Microsavings
vi. Microinsuarance

3.3 Name any 5 member based Microfinance Institutions (5)

Question 4 (14 Marks)

Governments acknowledge that Market imperfections occasionally arise and intervention by the authorities is by way of regulating the market, therefore they promulgate legislation to regulate industries and create regulatory authorities.

4.1 What are the objectives of Financial Regulation (4)

4.2 The Financial Service Board (FSB) serves to enforce regulation within the Financial Markets.
List the 5 major points included in the Mission Statement of the Financial Service Board (5)

4.3 2007 marked the break of the Financial Crisis in the world, to an extent South Africa was sheltered from the Economic meltdown (economic Crisis)

Give any 5 reasons why South Africa was sheltered from the Economic Crisis. (5)

Question 5 (24 Marks)

In South Africa, we distinguish between short term and long term insurance. In other countries these two sectors are referred to as "general" and "life" insurance.

5.1 Differentiate between long term and short term insurance (4)

5.2 There are various terms used in Insurance. Define the following terms(4) :

i. Reinsurance
ii. Under- insurance
iii. Excess payment
iv. Insurable interest

5.3 Retirement funds are saving schemes designed with the aim of assisting individuals to save for the future (retirement age) or leave some wealth for the dependents in the case of death.

a) Explain defined benefit fund and defined contribution fund. (4)

b) Give four advantages and four disadvantages of defined contribution fund for a member/ employee. (8)

c) According to regulation 28, what is the maximum percentage of total value of fund assets that can be invested in listed shares, cash, commodities and government bonds? (4)

Question 6 (7 Marks)

6.1 What are the characteristics of an efficient market (3)

6.2 Name any 4 types of Collective Investment Schemes (CIS) (4).