NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2025_2 EXAMINATIONS

Course Code: **MBF 845** **Credit Unit: 3**
Course Title: **International Banking**
Time Allowed: **3 HOURS**
Instructions:

1. Attempt Question 1 and any other three (3) Questions
2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.
3. Present all your points in a coherent and orderly manner.

QUESTION ONE
(a) What do you understand by the term Foreign Exchange control? (7 marks)
(b) Identify and explain four (4) features of Foreign Exchange control? (12 marks)
(c) Highlight six (6) objectives of the Foreign Exchange Control (6 marks)
(Total 25 marks)

QUESTION TWO
(a) Explain the concept of arbitrage (5 marks)
(b) Explain the following types of exchange rates:
(i) Forward Rate (2 ½ marks)
(ii) Spot Rate (2 ½ marks)
(iii) Long Rate (2 ½ marks)
(iv) Flexible Rate (2 ½ marks)
(Total 15 marks)

QUESTION THREE
(a) Distinguish between the retail market and the interbank market. (7 marks)
(b) List and explain four (4) participants in foreign exchange market. (8 marks)
(Total 15 marks)

QUESTION FOUR
(a) What do you understand by the term Bankers Acceptances (3 marks)
(b) Explain the following terms:
(i) Trade-Related Acceptances (4 marks)
(ii) Non-trade-Related Acceptances (4 marks)
(iii) Acceptance investors (4 marks). **(Total 15 marks)**

QUESTION FIVE

(a) Highlight and explain five (5) functions of the central bank **(10 marks)**

(b) The various instruments of credit control used by the central bank can be broadly classified into two categories: quantitative or general methods, and qualitative or selective methods. Discuss one major distinction between quantitative and qualitative methods of credit control. **(5 marks)** **(Total 15 marks)**