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**Presidency University**

**Bengaluru**

**School of Management**

**Summer term End-Term Examination - August 2024**

**Date**: 06-08-2024

**Time**: 9:30am – 12:30Pm

**Max Marks**: 100

**Weightage**: 50%

**Semester**: III

**Course Code**: MBA3006

**Course Name**: Financial Markets and Services

**Department:** SOM

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Do not write any information on the question paper other than roll number.*
3. *Question paper consists of 3 parts.*

**PART A**

**Answer any 10 Questions. Each question carries 3 marks. (10Qx 3M= 30)**

1. What are financial services, and why are they important for the economy? (CO:01 Knowledge)
2. Identify and briefly describe three major types of financial services. (CO:01 Knowledge)
3. Explain the purpose of financial regulation. (CO:01 Knowledge)

1. What role does the Financial Stability Oversight Council (FSOC) play in the U.S. financial regulatory framework? (CO:02 Knowledge)
2. Describe two common methods used by financial institutions to manage credit risk. (CO:02 Knowledge)

1. What is operational risk, and how can financial institutions mitigate it? (CO:02 Knowledge)
2. What factors influence the pricing of financial services? (CO:03 Knowledge)
3. Identify and explain two unique challenges in marketing financial services compared to physical products. (CO:03 Knowledge)
4. What are financial intermediaries, and what is their primary function in the financial system? (CO:03 Knowledge)
5. Explain the concept of Net Asset Value (NAV) in mutual funds. (CO:04 Knowledge)
6. What services are typically provided by merchant banks? (CO:04 Knowledge)
7. Differentiate between leasing and hire purchase. (CO:04 Knowledge)

**PART B**

**Answer any 4 Questions. Each question carries 10 marks. (4Qx 10M= 40)**

1. ABC Bank, a leading financial intermediary, is facing liquidity issues due to a sudden surge in withdrawals. How can ABC Bank manage this liquidity crisis while maintaining customer confidence and regulatory compliance? (CO:01 Application)
2. XYZ Financial Services, a financial intermediary, is planning to diversify its services to include investment banking and wealth management. Discuss the strategic considerations XYZ should evaluate before expanding its services. Include potential risks and benefits. (CO:02 Application)

1. A mutual fund manager at ABC Mutual Fund is considering rebalancing the fund’s portfolio due to market volatility. What factors should the manager consider in the rebalancing process to ensure alignment with the fund’s investment objectives and risk tolerance? (CO:03 Application)
2. XYZ Mutual Fund is launching a new thematic fund focused on technology. Evaluate the steps XYZ Mutual Fund should take to effectively market this new fund to potential investors, considering the current market trends and competitive landscape. (CO:03 Application)

1. DEF Corporation is seeking to raise capital through an Initial Public Offering (IPO) and has engaged a merchant bank for this purpose. What key services and support will the merchant bank provide to DEF Corporation during the IPO process? (CO:04 Application)
2. A merchant bank is advising GHI Ltd. on a cross-border merger. Discuss the key challenges and considerations the merchant bank should address to ensure the success of the merger, including regulatory, financial, and cultural aspects. (CO:04 Application)

**PART C**

**Answer the following Questions. (2Qx 15M= 30)**

1. Discuss the comprehensive nature and scope of financial services in the modern economy. Highlight the different types of financial services available and their importance to various economic agents. Additionally, analyze how technological advancements have transformed the delivery and efficiency of financial services. (CO:03 Analysis)
2. Analyze the regulatory framework for financial services, discussing its objectives and key components. Evaluate the role of regulatory bodies in maintaining financial stability and protecting consumers. Illustrate with examples how regulatory changes can impact financial institutions and markets. (CO:04 Analysis)