



Course No: MGNE 3312 Course Title: banking & Financial operation Manag. Date: -- /03/2017 No. of Questions: (4) Time: 1 Hour Using Calculator (Yes)	University of Palestine  Mid Term Exam. (1) 2nd Semester 2016/2017 Total Grade: (15)	Instructor Name: Mr. Abdel Fatah Afifi Student No.: ----- Student Name:----- College Name:----- Dep. / Specialist:----- Using Dictionary: (No)
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Answer the following questions:

Q 1: Select (T) for true statements and (F) for wrong ones:

No	Statement	T / F
1	The portfolio managers, manage funds on behalf of owners or holders of money.	
2	Broker-dealers facilitate trading in securities, and create the mechanism for clearing and settlement of trades in a risk-maximizing manner.	
3	The KIR is the genesis of all other interest rates and other financial market pricing.	
4	Therefore if $E > I$, the difference is made up by either reducing holdings of financial assets or increasing debt (or a combination).	
5	Balanced unit: $I = E$; therefore $\Delta FA \neq \Delta DE$, meaning that the economic unit is neither a net borrower of funds nor a net lender of funds.	
6	Income does not usually match expenditure; therefore, surplus and deficit economic (budget) units exist.	

Q2: What are the essential elements of a financial system?

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Q 3: Match the following terms with accurate definitions:

No.	Term	Answer	Definition
1	price discovery		The amount of bank notes and coins and bank deposits of the non-bank private sector
2	brokers		buy and sell for own account
3	Money		discount rate
4	money creation		match buyers and sellers
5	repo rate		non-negotiable certificates of deposit
6	dealers		determination or making of the price of equity and the price of money / debt
7	NNCDs		existing funds allocated efficiently, and new loans are allocated efficiently by the banking sector

Q 4: List five of benefits for the economic functions of financial intermediaries?

Good Luck