



UNIVERSITY
OF
JOHANNESBURG

Department of Commercial Accounting

BANKING 2A
BNK22A2

FINAL ASSESSMENT OPPORTUNITY

Date of Examination: 26 May 2016

Time: 2 hours

Marks: 100

Assessor: Mrs M Lepheana
Internal Moderator: Mr J Mabejane

INSTRUCTIONS:

This paper consists of 3 pages (including the cover page).

- Answer all questions.
- Write neatly and legibly.

Question	Topic	Marks	Time
1	Introduction to the financial system	21	23 minutes
2	SARB & Regulation of financial markets	22	25 minutes
3	Microfinance Institutions	15	20 minutes
4	Insurance & Retirement Funds	30	35 minutes
5	Investment Institutions	12	17 minutes
		100	120 minutes

QUESTION 1**[21] Marks**

1.1 The financial system of a country should be stable in order to achieve sustainable growth and employment. A great number of the population still do not participate in the financial system mainly because of the high fees charged for the services and lack of knowledge about its significance in the economy. Your boss has requested that you compile a document for him that he will use to address the non-banking group on the importance of the financial system in the economy. **In your report discuss five of the financial system functions.** (15)

1.2 List the allied participants. (6)

QUESTION 2**[22] Marks**

The recession of 2007 was a confirmation of the importance of proper regulation of the financial system. The financial system is an integral part of the economy by providing services to all the sectors that contribute to the development of a country.

- a) Discuss any four functions of SARB. (12)
- b) The financial Advisory and Intermediary Service division of the FSB is regulated in terms of the FAIS ACT. Discuss any five of the regulatory framework covered in the FAIS Act. (10)

QUESTION 3**[15] Marks**

Member based finance institutions are common in South Africa, achieving a variety of social and financial needs like burial societies provide financial assistance during a funeral, emotional support, organising, and catering.

- a) Discuss the four additional principles of Cooperative financial institutions. (12)
- b) List any three services offered by friendly societies to their members. (3)

QUESTION 4**[30] Marks**

4.1 The South African insurance market is divided into two categories, short-term and long-term insurances. Each category is governed by its own legislation.

- a) Differentiate between short term and long term insurance. (10)
- b) Explain the circumstances under which the motor policy will not pay for damages. (6)
- c) Discuss any two long-term policies (4)

4.2 Retirements funds just like any type of savings provide their members with return on their contributions. In order to be able to accomplish that, they invest in different financial instruments depending on the strategy that they are following. **Name and discuss five factors that drive the investment strategy of retirement funds.**
(10)

QUESTION 5**[12] Marks**

Discuss classifications of CISs in terms of (two each):

- a) Investment objectives. (4)
- b) Asset orientation (4)
- c) Area/locality (4)