Examination Period 3: 2018/19

FINM04719N

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<tr>
<th>Module Title</th>
<th>Financial Regulation and Ethics</th>
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<tr>
<td>Level</td>
<td>Seven</td>
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<tr>
<td>Time Allowed</td>
<td>Two hours plus fifteen minutes reading time</td>
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Instructions to students:

- Enter your student number **not** your name on all answer books.
- Students are encouraged to use the **first fifteen minutes** of the exam to read the questions carefully and to plan answers.
- Answer **four** out of **six** questions.
- All questions carry equal marks. Where a question is in parts the weightings are indicated.
- Neither books nor notes may be taken into the examination.
- The use of calculators is **not** permitted.

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<tr>
<td>No. of Questions</td>
<td>6</td>
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Answer **four** out of **six** questions.

1. **Basel III**
   a. Outline the events that led to the Basel III accord.  
      (10 marks)

   b. Critically evaluate the strengths and weaknesses of Basel III.  
      (15 marks)

   Total: 25 marks

2. **Ethical and Sustainable Banking**
   a. According to the International Finance Corporation (IFC, 2007), the definition of sustainability in financial institutions should include four aspects in relation to ‘good’ business performance. Explain these **four** aspects.  
      (10 marks)

   b. Discuss the positive and negative investment criteria of ethical and sustainable investments as published by the UK-based International Management Association (IMA, 2011).  
      (15 marks)

   Total: 25 marks

3. **Bank Corporate Governance**
   Critically evaluate the role of the board of directors in shaping the strategy of banks particularly the risk management.

   Total: 25 marks

4. **Banking Regulation**
   a. Explain regulatory forbearance and capture.  
      (10 marks)

   b. With the use of examples critically appraise the costs of engaging in forbearance.  
      (15 marks)

   Total: 25 marks
5. Financial Crises
      (15 marks)
   b. Evaluate the impact of the crisis on international bank lending. 
      (10 marks)
      
      Total: 25 marks

6. Basel I and II
   a. Evaluate the strengths and limitations of Basel I. 
      (10 marks)
   b. Critically appraise how Basel II addressed the limitations of Basel I. 
      (15 marks)
      
      Total: 25 marks

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End of Paper