

Financial markets and financial institutions exam questions

1. Define the main objective of financial markets and explain their role in the economy.
 2. Differentiate between primary and secondary financial markets, providing examples of each.
 3. Explain the functions of money markets and capital markets. Define the difference between them.
 4. Categorize and describe various financial instruments traded in financial markets (e.g., stocks, bonds, derivatives).
 5. Define the benefit of securities for issuers and holders.
 6. Explain how bond markets are crucial for financial markets.
 7. Explain the significance of interest rate for the participants of financial markets.
 8. Explain how financial instruments contribute to the overall efficiency of financial markets.
 9. Describe the structure of the financial market.
 10. Identify the major participants in financial markets, including institutional investors, retail investors, and intermediaries.
 11. Explain the role of investment banks, commercial banks, and other financial institutions in the functioning of financial markets.
 12. Why study financial institutions and banking? Explain the role of the financial institutions in the performance of the companies.
 13. Define the types of bank services. What types of bank services do you know and use?
 14. What is the present value? Explain the structure of the equation of present value.
 15. There are four types of the credit market instruments. Write down separately about the each of them.
 16. Write down the kinds of capital market instruments that are suggested in the financial markets.
 17. Explain the meaning of Yield to Maturity. Define the formula of Yield to Maturity.
 18. If John borrows \$100 from his sister and next year she wants \$110 back from him. Calculate the yield to maturity in this case.
 19. Figure out the cases that are common for all bonds.
 20. Explain the distinction between real and nominal interest rates.
 21. Write down The Fisher equation and explain the structure of that formula.
 22. Figure out the determinants of the asset demand.
 23. How is the connection among the all determining factors and the quantity demanded of an asset?
 24. Describe the main objective of the demand curve.
 25. Describe the main objective of the supply curve.
 26. Explain the main function of market equilibrium.
 27. Explain how expected return is measured on any asset.
 28. Define the stock market and explain its primary functions in the economy.
 29. Describe the computing method of the common stock price.
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30. Explain the one - period valuation model for computing the price of stock.
 31. Explain the price earnings valuation method for computing the price of stock.
 32. Explain how the financial markets set stock prices.
 33. Explain the concept of rational expectations and its relevance to economic and financial decision-making.
 34. Define how rational expectations influence stock market dynamics.
 35. Figure out the key assumptions underlying the rational expectations theory.
 36. Define the strengths and limitations of each valuation model.
 37. Explain the main objective of the adjustable-rate mortgages.
 38. Define the benefits of the electronic banking.
 39. Define the main function of the mutual funds.
 40. De unt.
 41. Ex Page 1 / 2 n of securitization.
 42. Define nonbank financial institutions and explain their role in the financial system.