

DO NOT REMOVE THE QUESTION PAPER FROM THE EXAMINATION HALL

UNIVERSITY OF LONDON

CENTRE FOR FINANCIAL AND MANAGEMENT STUDIES

MSc Examination

Postgraduate Diploma Examination

for External Students

91DFMC388

FMM388

FINANCE (BANKING)

Retail Banking and Household Finance

Specimen Examination

This is a specimen examination paper designed to show you the type of examination you will have at the end of this module. The number of questions and the structure of the examination will be the same but the wording and the requirements of each question will be different. Best wishes for success on your final examination.

The examination must be completed in THREE hours.

Answer **THREE** questions.

The examiners give equal weight to each question and you are advised to distribute your time approximately equally between the three questions.

The examiners wish to see evidence of your ability to use technical models and of your ability to critically discuss their mechanisms and application.

PLEASE TURN OVER

Answer **THREE** of the following questions.

1. Critically examine the main features of household liabilities, and the potential role of household debt in global financial crises.
2. Explain how financial wealth, trading frequency and financial advisers can affect household portfolio allocation.
3. Evaluate the role of financial literacy in households' health insurance decisions.
4. Explain how different types of retail banking products can satisfy the needs of different categories of bank clients, and assess how these products may affect bank profitability and risk.
5. Critically evaluate the importance of bank collateral for loan pricing.
6. Assess the advantages and disadvantages of different measures of banking competition.
7. Discuss the importance of hard and soft information for loan pricing.
8. Examine how and why banks segment their private banking customers.

[END OF EXAMINATION]