

FIN-A0105 FUNDAMENTALS OF FINANCIAL MARKETS AND INSTITUTIONS

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EXAM

April 24, 2023 at 16-19

The exam makes 70% of the total grade. To pass the course, minimum is 35 points out of 70.

Please answer all questions in English. No dictionaries allowed. Please write clearly. If I can't read your answer, I can't grade it.

1. Brief questions [6 points each, not more than 150 words per question, total max 30 points.]
 - a. Green bonds
 - b. TPI as ECB's tool
 - c. ESG exclusion in discretionary mandates
 - d. "Gender pension gap" has been suggested as a potential problem in Europe. Why?
 - e. Aktia uses both IRB and Standardized Approach to the calculation of capital requirements. What does this mean?

2. Essay [max 450 words, 20 points]

"European Banking Union"

3. True or false? Right answer +4 p, wrong -2 p (no answer: 0 p, total max 20 points).
 - a. The implementation of Solvency II has resulted in the relative proportion of unit-linked plans increasing in life insurance markets. **True**
 - b. Peer-to-peer lending platforms face greater risk of adverse selection (of borrowers) than traditional banks. Therefore, their capital requirements are – on average – higher. **False**
 - c. The lower the cost-to-income ratio, the more profitable the bank generally is. **True**
 - d. Banks can relatively easily increase their capital ratio (RaR) by increasing their risk-weighted assets (RWAs). **False**
 - e. The investment restrictions for the AIFMD funds are more stringent than for the UCITS funds because their funds are mostly invested in alternative ie less liquid assets. **False**