



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATION

FOR DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT

3rd YEAR 2nd SEMESTER 2018/2019 ACADEMIC YEAR

MAIN

COURSE CODE: ABA 318

COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS

DATE: 23/4/2019

EXAM SESSION: 3.00 – 5.00PM

TIME: 2.00 HOURS

INSTRUCTIONS:

- 1. Answer Question ONE (Compulsory) and ANY other 2 Questions**
- 2. Candidates are advised not to write on the Question paper**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

Question One

- (a) Discuss challenges and solutions to financial repression. (8 Marks)
- (b) Discuss theories of interest rate. (Marks 6)
- (c) Discuss the difference between Money Markets and Capital Markets (6 marks)
- (d) Discuss the role of Insurance in economic development of Kenya (6 Marks)
- (e) What is the role of Capital Markets Authority in Kenya (4 Marks)

Question Two

- (a) Financial assets and financial products can be used as collateral or securities for Bank loans. Discuss their characteristic which makes them suitable (8 Marks)
- (b) Discuss the role of financial institutions in a financial system in Kenya (8 Marks)
- (c) Discuss the challenges faced by Central Banks in regulating Commercial Banks in Kenya (4 Marks)

Question Three

- (a) Commercial Banks in Kenya are Regulated with performance evaluation techniques, Discuss,(10 Marks)
- (b) An investor intends to place Ksh 12,000,000 in the 91 days Treasury bill at a quoted rate/yield of 7.65% p.a. What is his/her return, if s/he is withholding tax-payer or non-withholding tax payer. (10 Marks)

Question Four

- (a) ‘ ‘ There is no need for regulating financial institutions in Kenya’ ’Advice (20 Marks)

Question Five

- (a) Discuss Key challenges faced by pension funds in Kenya (10 Marks)
- (b) The Stock Exchange as a Capital Market Institution plays an important role in the process of economic development, Discuss (Marks 10)