



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

SCHOOL OF BUSINESS AND ECONOMICS

THIRD YEAR 2ND SEMESTER 2020/2021 ACADEMIC YEAR

KISUMU CAMPUS

COURSE CODE: BAB1312/ABA318

**COURSE NAME: FINANCIAL INSTITUTIONS AND
MARKETS**

DATE: 13/12/2022 SESSION: 9.00-11.00AM

TIME: 2 HOURS

1. Answer question ONE(COMPULSORY) and ANY other two 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) Highlight Five functions performed by global financial system and markets (20marks)
- b) Discuss the problems encountered by small scale enterprises in raising investment capital (10marks)

QUESTION TWO

You have been contacted by the management of Jumbo Company Ltd which wishes to initiate an IPO to raise Ten billion shillings in the market for expansion purposes. Explain to the Board of Directors a report on the process of going public through an IPO in Kenya.

(20marks)

QUESTION THREE

"The needs of lenders and borrowers rarely match. These differences in requirements between lenders and borrowers mean that there is an important role for financial intermediaries if the financial markets are to operate efficiently." Discuss.

(20marks)

QUESTION FOUR

- a) Several statements have appeared in the daily newspapers to suggest that some instances of share price manipulation have been observed in Kenya. Explain those measures which the Capital Markets Authority has taken and publicized in order to protect the investor. (10marks)
- b) Identify and explain six reasons why companies in your country may seek "cross-border" listing. (10marks)

QUESTION F I V E

a) "Options allow an investor to profit if circumstances are favourable and give protection when they are "unfavorable". In light of this statement, distinguish between a call option and a put option and explain how they can be used to diversify risk.

(10marks)

b) Describe four specialized financial institutions that help promote growth of small and medium enterprises in Kenya.
(10marks)