PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS AND TECHNOLOGY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

BACHELOR OF COMMERCE

BACHELOR OF BUSINESS LEADERSHIP

SEPTEMBER -DECEMBER 2025 TRIMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: CFN301

COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS

EXAM DATE: MONDAY 15TH DECEMBER 2025

TIME: 11:00AM-1:00PM

INSTRUCTIONS

- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.
- This examination script consists of **FIVE (5)** questions.
- Answer question **ONE** and ANY other **three** Questions.
- ALL other PAC University examinations rules and regulations apply

QUESTION ONE: COMPULSORY

a) Money markets are used to trade debt securities and instruments with maturities of less than one year. As a financial officer explain **THREE** characteristics of money markets (6 Marks)
b) Financial institutions facilitate the transfer of funds from lenders to borrowers. Briefly explain **FOUR** benefits that financial institutions provide to the suppliers of funds (8 Marks)
c) Describe **FIVE** roles of savings and credit cooperative societies in Kenya, giving an example in each case (5 Marks)
d) Financial markets and institutions have opened up to foreign investors hence facilitating foreign inflows and increased global transactions. Clearly explain **THREE** reasons for this development. (6 Marks)
e) Describe the features any five types of bonds found in the bond market. (5 Marks)

QUESTION TWO

A financial institution exists primarily or offering financial services to businessmen at a profit. Discuss the financial services provided by each of the following,

a) Commercial banks (4 Marks)
b) Insurance companies (3 Marks)
c) Merchant banks (3 Marks)

QUESTION THREE

a) The capital markets authority was established to oversee and supervise the activities of market intermediaries. Explain any **FIVE** functions of the capital market authority in Kenya (5 Marks)

b) Discuss **FIVE** factors that should be taken into account by a businessman in making the choice between financing by short-term and long-term sources. (5 Marks)

QUESTION FOUR

a) Discuss Five incentives that the government has given to companies to enable them go public. (5 Marks)
b) Discuss **FIVE** benefits of internet in banking /E-Banking in Kenya (5 Marks)

QUESTION FIVE

Explain the following functions of the financial system

a) Risk function (3 Marks)

b) Savings function (3 Marks)

c) Payments function (4 Marks)