PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

JANUARY-APRIL 2024

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUE 3313

COURSE TITLE: SMALL BUSINESS FINANCE

EXAM DATE:

QUESTION ONE (COMPULSORY) 10 MARKS

Discuss the following performance evaluation techniques used commercial banks/microfinance intuitions using relevant examples in each case.

i. CAMEL systems (5 marks)
ii. Stress testing (5 marks)

QUESTION TWO 10 MARKS

Using suitable examples, explain four principles of micro finance management.

QUESTION THREE 10 MARKS

Most women in Kenya are in small savings groups called "Chamas". Micro finance institutions have found a new product of saving and issuing loans to these chamas.

i. Discuss the impact of the "chamas" having saving accounts in micro finance institutions. (5 marks)
ii. Explain the economical impact of (i) above in the Kenyan economy. (5 marks)

QUESTION FOUR 10 MARKS

Lending is the major business for micro finance institutions in Kenya. Using a specific product used by microfinance institutions, discuss the following lending approaches:

i. The minimalist approach (3 marks)
ii. Integrated approach (4 marks)
iii. Financial intermediation (3 marks)

QUESTION FIVE 10 MARKS

Explain the management of the following risks faced by microfinance institutions giving examples:

a. Portfolio risk (3 marks)

b. Ownership and governance (3 marks)

c. Management risk (4 marks)

QUESTION SIX 10 MARKS

The government of Kenya has introduced new taxes for small and medium enterprise institutions. Most businesses have had to cut down on operations due to this.

a. Discuss the impact of the above statement on micro finance institutions. (5 marks)
b. Explain the economical impact of the above statement to our country Kenya. (5 marks)