



PAN AFRICA CHRISTIAN UNIVERSITY

BACHELORS OF COMMERCE

END OF TERM EXAMINATION

DEPARTMENT: BUSINESS

COURSE CODE: FIN601

COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS

EXAM DATE: WEDNESDAY

TIME: 5.30PM – 8.30PM

INSTRUCTIONS

- This examination script consists of **five(5)** questions.
- Answer question ONE and ANY other two Questions.
 - Show all your workings
- Read all questions carefully before attempting.

Write your **student number** on the answer booklet provided.

QUESTION ONE

- a) Using relevant examples, distinguish between these terms: a financial institution and a financial market (6marks)
- b) Explain various factors that hinders the growth of the financial system. Cite examples from your country (14marks)

QUESTION TWO

Discuss the effect of interest rates on your country's economy citing relevant examples (10marks)

QUESTION THREE

- a) Distinguish between monetary policy and fiscal policy (2marks)
- b) Explain the circumstances under which your government might apply each of them (8marks)

QUESTION FOUR

Citing a relevant example from your county, explain the role of the capital market in the economy (10marks)

QUESTION FIVE

Using relevant examples, distinguish between internal debt and external debt (2marks)

Explain ways in which a government can manage external debt to grow the economy (8marks)