



PAN AFRICA CHRISTIAN UNIVERSITY

BACHELORS OF COMMERCE

END OF TERM EXAMINATION

DEPARTMENT: BUSINESS

COURSE CODE: CFN 301

COURSE TITLE: FINANCIAL INSTITUTIONS & MARKETS

DATE: FRIDAY

TIME: 8AM – 11AM

INSTRUCTIONS

- This examination script consists of **six (6)** questions.
 - Answer question ONE and ANY other three Questions.
 - Show all your workings
 - Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

Question One

- a) Explain any three components of financial system in an economy (6marks)
- b) Describe any two challenges the central bank of Kenya has been facing (4marks)

Question Two

- a) Using relevant examples, describe any three basic elements of a well-functional financial system in an economy (6marks)
- b) Explain any two applications of financial derivatives (4marks)

Question Three

Using a relevant example, distinguish between the following terms:

- a) Financial intermediaries and financial markets(4marks)
- b) Money market and capital market (3marks)
- c) Spot market and forward market(3marks)

Question Four

- a) Using relevant examples, describe any three characteristics of a good financial market (6marks)
- b) Explain any two objectives of one international monetary fund (IMF) (4marks)

Question Five

- a) Using relevant examples, explain the three reasons for regulating financial markets (6marks)
- b) Explain any two factors to consider while choosing between euro markets and domestic markets (4marks)

Question Six

Using relevant examples, discuss any five factors that have led to slow growth of capital markets in Kenya (10marks)

