PAN AFRICA CHRISTIAN UNIVERSITY

BACHELORS OF COMMERCE

END OF TERM EXAMINATION

DEPARTMENT: BUSINESS

COURSE CODE: CFN 301

COURSE TITLE: FINANCIAL INSTITUTIONS & MARKETS

DATE: MONDAY

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) Using a relevant example, highlight the distinguishing features of:

i) A microfinance and a Sacco (2marks)

ii) A pension fund and a security exchange (2marks)

b) Identify one non-bank institution in Kenya and use relevant examples to explain its role in:

i) Societal welfare (3marks)

ii) Economic development (3marks

Question Two

a) Citing relevant examples, describe any three basic attributes of an ideal financial system in an economy (6marks)

b) Explain any two challenges the central bank of Kenya has been facing in implementing the monetary policies for the last few years (4marks)

Question Three

a) Giving relevant examples in each case, explain the role played by the government of Kenya in enhancement of financial markets (4marks)

b) Using relevant examples, explain the distinguishing features of:

a) Securities market(2marks)
b) Derivative market(2marks)
c) Euro market (2marks)

Question Four

a) Citing relevant examples, describe how financial markets enhance the economic development of a nation (6marks)
b) Explain any two objectives of one international monetary fund (IMF) (4marks)

Question Five

a) Using relevant examples, explain any three reasons for regulating financial markets (6marks)

b) Explain any two applications of financial derivatives (4marks)

Question Six

Using relevant examples, evaluate Kenya's financial system in terms of the following:

a) Efficiency (5marks)

b) Competitiveness (5marks)