



Kasarani Campus  
Off Thika Road  
Tel. 2042692 / 3  
P. O. Box 49274, 00100  
NAIROBI  
Westlands Campus  
Pamstech House  
Woodvale Grove  
Tel. 4442212  
Fax: 4444175

**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**THIRD YEAR, FIRST SEMESTER EXAMINATION**  
**FOR THE DEGREE OF BACHELOR OF BUSINESS INFORMATION**  
**TECHNOLOGY**

Date: 17<sup>th</sup> August, 2023  
Time: 8.30am –10.30am

**KBA 2307 - INTERNATIONAL PAYMENTS**

**INSTRUCTIONS TO CANDIDATES**

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**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

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**QUESTION ONE (30 MARKS)**

- a) Business firms engage in international trade for various reasons. As a Chief Executive Officer of a large business firm in Kenya, what will be the possible reasons for your firm to engage in international trade. (6 marks)
- b) The Uruguay round was convened to address numerous issues that GATT had previously side stepped and other emerging issues. What are some of the achievements of the Uruguay Round? (6 marks)
- c) Balance of trade surplus is not necessarily good and balance of trade deficit is not necessarily bad. Differentiate between balance of trade surplus and balance of trade deficit. (6 marks)
- d) Trade documentation is critical in international sales as export transactions involve complex documentation work. Trade documentation facilitates international transactions, protecting interests of exporters and importers located in two different countries governed by different statutory and legislative frameworks. What are the consequences of poorly completed documentation? (6 marks)
- e) International payment/trade just like other areas in business is underpinned by several theories. In relation to international trade and with relevant examples, explain the following international trade theories.
- i) Theory of Comparative Advantage
  - ii) Theory of Natural Advantage (6 Marks)

## **QUESTION TWO (20 MARKS)**

- a) The general objective of The General Agreement on Tariffs and Trade (GATT) was to expand international trade by liberalizing trade so as to bring about all-round economic prosperity. Parties to GATT are governed by voluntary acceptance of its jurisdiction, and it does not have any formal enforcement powers; it is nothing more than an “agreement” among signatory countries to follow a collectively agreed-upon set of rules. Despite some criticisms of the rules and GATT apparent lack of enforcement authority, these rules have combined to work remarkably well for world trade in reducing trade barriers. Discuss the five underlying principles of GATT which form the basis for almost all of its rules. (10 marks)
- b) In international trade/payments, several are often used. Discuss the following terms applicable in international trade/payments:
- i) Bill of Lading
  - ii) Tariffs
  - iii) Host country (6 marks)
- c) While citing relevant examples, explain the importance of importing and exporting activities to a country like Kenya. (4 marks)

## **QUESTION THREE (20 MARKS)**

- a) Regional trade agreements are between countries in a specific region. The most powerful are those that encompass a few countries covering a wide and contiguous geographic area. With relevant examples, discuss what you understand by the term regional agreement. (2 marks)
- b) Regional agreements provide several benefits to member countries. Explain any four benefits of regional agreements to member countries. (8 marks)
- c) There are six principal forms of market integration/agreements between countries and such agreements are differentiated on several bases. Explain any five types of market integration while differentiating each from the others. (10 marks).

## **QUESTION FOUR (20 MARKS)**

- a) In international trade, export processes vary from one country to the other. Discuss Kenya's export process. (10 marks)
- b) Despite the underlying benefits of international trade, it is not without some negative consequences especially to the host country. Hence, one of the most important features of the international trading environment is the proliferation of the trade barriers. Why do governments impose trade barriers? (10 marks)

## **QUESTION FIVE (20 MARKS)**

- a) Import procedure means all the steps involved in purchase of goods from any foreign country. Notably, importation in Kenya involves a series of documentations and procedures that must be adhered to by the importer. Outline the basic import procedures in Kenya. (10 marks)
- b) Understanding the role of information technology in international business can give you insight on how your small business can leverage technology to improve operational efficiency and gain a global competitive advantage. Assuming that you are hired as a business consultant, explain to a business firm the importance of information technology in international business. (10 marks)