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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN BANKING AND FINANCE
DBF 1104: MONETARY AND FINANCIAL SYSTEMS

Date: 11TH DECEMBER 2023
Time: 8:30AM-10:30AM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- (a) Evaluate four objectives of regulation of financial institutions. (6 Marks)
- (b) Highlight five distinctions between money markets and capital markets. (5 Marks)
- (c) Evaluate five roles of Stock Exchange in the process of economic development. (5 Marks)
- (d) Explain six key challenges of pension funds in Kenya. (6 Marks)
- (e) Describe four instruments for raising capital in the money market. (4 Marks)
- (f) Enumerate four benefits of listing on the Nairobi Securities Exchange. (4 Marks)

QUESTION TWO (20 MARKS)

- (a) Describe five characteristics of financial markets. (10 Marks)
- (b) Highlight four major benefits of collective investment schemes. (4 Marks)
- (c) Explain regulatory functions of the Capital Markets Authority (CMA) in Kenya. (6 Marks)

QUESTION THREE (20 MARKS)

- (a) Analyze five roles of Secondary Markets in the Economy. (10 Marks)
- (b) Explain the distinction between Over the counter markets and organized exchange markets. (4 Marks)
- (c) Highlight six characteristics of a bond market. (6 Marks)

QUESTION FOUR (20 MARKS)

- (a) Explain the meaning of the following terms. (4 Marks)
 - (i) Stock splits
 - (ii) Underwriting
 - (iii) Quotation
 - (iv) Rights Issue
- (b) Explain five functions of International Monetary Fund (IMF). (10 Marks)
- (c) Highlight six market players in the Kenyan capital markets. (6 Marks)

QUESTION FIVE (20 MARKS)

- (a) Assess five applications of financial derivatives. (10 Marks)
- (b) Explain six advantages of Euromarkets. (6 Marks)
- (c) Distinguish between treasury bonds and corporate bonds. (4 Marks)