KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2019/2020 ACADEMIC YEAR
THIRD YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 6th December, 2019
Time: 2.30pm – 4.30pm

KFI 305 - FINANCIAL INSITUTIONS AND MARKETS 11

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

a) Explain the term financial system and discuss the importance of a well-functioning financial system.

(8 Marks)

b) There has been an argument that Kenya should have one regulator for the financial institutions. Argue a case for and against consolidate financial sector regulation.

(8 Marks)

c) Identify four international financial institutions and explain in details.

(4 Marks)

d) Describe how the performance evaluation of financial institutions is carried out in Kenya.

(4 Marks)

e) Define the following three terms as used in financial institutions and markets

   i)   Diversification
   ii)   Financial deepening
   iii)   Securitization.   (6 Marks)

QUESTION TWO (20 MARKS)

a) Discuss the impact of international and regional financial institutions to Kenya's economy.

(8 Marks)

b) Discuss five money market institutions and five capital market institutions in details.

(12 Marks)

QUESTION THREE (20 MARKS)

a)   Describe five drawbacks of financial sector regulations.

(10 Marks)

b)   Discuss five roles of capital markets in the Kenyan economy.

(10 Marks)

QUESTION FOUR (20 MARKS)

a)   Explain the objectives of the International Monetary Fund (IMF).

(10 Marks)

b)   Briefly explain the factors to consider when choosing between euro markets or domestic
        Markets.   (10 Marks)

QUESTION FIVE (20 MARKS)

a)   Briefly explain two theories used in the determination of interest rates.

(8 Marks)

b)   Briefly discuss Kenya's financial sector regulatory financial framework

(12 Marks)