



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2012/2013

FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (CITY CAMPUS - WEEKEND)

MBA 817: FINANCIAL INSTITUTIONS AND MARKETS

Date: 20th July, 2013

Time: 2.00 – 5.00 p.m.

INSTRUCTIONS:

- ◆ Answer Question ONE (COMPULSORY) and any other THREE questions.

QUESTION ONE (COMPULSORY)

You have been contacted by a company which wishes to initiate an IPO to raise 8 billion shillings in the market for expansion purposes. Explain to the Board of Directors a report on the process of going public through an IPO in Kenya. (15 marks)

QUESTION TWO:

"The use of derivatives is one of the ways of investing in an asset and also diversifying risk" Discuss. (15 Marks)

QUESTION THREE:

- a) "The Central Bank Governor accused four big banks of exerting pressure on the currency by exporting large volumes of dollars to related parties in Europe and driving up the currency for speculative purposes". Discuss the aspect of speculation and Arbitrage in foreign exchange market. (9 marks)
- b) Discuss the exchange rate systems that exist in different economies outlining their pros and cons.(6 marks)

QUESTION FOUR:

An undergraduate student consulted you as an MBA holder about various non-depository institutions that exist. Discuss the institutions giving examples in a Kenyan context. (15 marks)

QUESTION FIVE:

- a) Argue the case for and against offshore investing. (8 marks)
- b) Discuss the implication of globalisation of financial markets.(7marks)

QUESTION SIX

- a) "XYZ limited has been rated by Standard and Poor's to have a CCC credit rating". Explain credit rating and comment on XYZ limited position. (3 marks)
- b) Explain four specialized financial institutions that help promote growth of small and medium enterprises. (12 Marks)