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**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

# University Examinations 2014/2015

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**

# HBC 2205: FINANCIAL INSTITUTIONS AND MARKETS

**DATE: APRIL, 2015 TIME: 2 HOURS**

**INSTRUCTIONS: Answer Question ONE (Compulsory) and any other THREE questions**

**Question One**

a) Explain on any five functions of financial markets. [10 marks]

b) Highlight the five benefits that a private company will achieve by participating in an initial public offer (IPO). [10 marks]

c) Expound on the major problems encountered by commercial banks in credit creation.

[10 marks]

**Question Two**

a) Explain the various components of a financial system. [10 marks]

b) Define the roles of the regulatory bodies like capital market authority (CMA), law society of Kenya (LSK) and institute of certified public accountants and secretaries of Kenya (ICPAK and ICPSK) have in height of financial system in the country. [10 marks]

**Question Three**

a) Discuss the principles of innovation financial inclusion in a financial system.

[10 marks]

b) Identify the elements of a well functioning financial system. [10 marks]

**Question Four**

a) Distinguish between money market and capital market. [10 marks]

b) Expound on the roles of the Central Bank of Kenya on economic development.

[10 marks]