



**MASENO UNIVERSITY**  
**UNIVERSITY EXAMINATIONS 2016/2017**

**THIRD YEAR SECOND SEMESTER EXAMINATIONS FOR THE  
DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH  
INFORMATION TECHNOLOGY**

**CITY CAMPUS**

**ABA 318: FINANCIAL INSTITUTIONS AND MARKETS**

Date: 7<sup>th</sup> June, 2017

Time: 5.30 - 8.30 pm

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**INSTRUCTIONS:**

- Answer question ONE and any other THREE questions.



**QUESTION ONE:**

a) The NSE 20 share Index was reported as follows:

Today's close 1,634.94

Yesterday's Close 1,590.42

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- i. Interpret what the numbers above mean. (2 Marks)
  - ii. Indicate the cause of the difference between yesterday's close and today's close. (3marks)
- b) Distinguish between capital markets and money markets. (2 Marks)
- c) Discuss using a diagram the flow of funds in a Financial System. (8 Marks)
- d) Discuss the economic factors that affect interest rate. (10 Marks)
- e) Distinguish between an Initial Public Offering and Private Placement using Kenyan scenario. (5 Marks)
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**QUESTION TWO:**

- a) Discuss the methods of credit control employed by the central bank. (10 Marks)
- b) Discuss the exchange rate systems that exist in different economies outlining their pros and cons. (10 marks)

**QUESTION THREE:**

- a) Discuss the problems encountered by small scale enterprises in raising investment capital (10 Marks)
- b) Discuss how organizations such as Kenya industrial estates assist in minimizing the problems discussed in (a) above. (10 marks)

**QUESTION FOUR:**

"Mbao pension plan is one of the ways Retirement Benefit Authority of Kenya is promoting pension in Kenya." Discuss pension fund and pension schemes available in Kenya. (20 Marks)

**QUESTION FIVE**

Write short notes on the following:

- i) Commonwealth Development Corporation. (5 marks)
- ii) Industrial and Commercial Development Corporation. (5 marks)
- iii) Kenya National Trading Corporation. (5 marks)
- iv) Kenya Tourist Development Trust. (5 marks)