

BCOM 331

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS.

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
COMMERCE

BCOM 331: FINANCIAL INSTITUTIONS AND MARKETS

STREAMS: BCOM (Y3S1)

TIME: 2 HOURS

DAY/DATE: THURSDAY 5/12/2019

2.30 P.M - 4.30 P.M.

INSTRUCTIONS

- Answer Question ONE and any other TWO Questions
- Do not write on the question paper

QUESTION ONE

- (a) Organizations are in existence that taps funds in various ways making it available for financing long term and short term projects or for sealing the gap of funds shortage. Explain any five of such organizations. [10 Marks]
- (b) Describe how financial institutions facilitate the transfer of wealth from one generation to another. [4 Marks]
- (c) Explain the functions of investment banks. [10 Marks]
- (d) Discuss the benefits associated with the adoption of technology in financial systems. [6 Marks]

QUESTION TWO

- (a) Private companies that want to raise additional funding opt for raising equity through the sale of shares. Explain the advantage of raising equity through this process. [10 Marks]
- (b) Describe the different types of risks faced by financial institutions. [10 Marks]

QUESTION THREE

- (a) Explain any negative consequences as a result of increased financial institutions. [6 Marks]
- (b) Distinguish between money and capital market. [4 Marks]

(c) The government, companies and municipals can issue long term debt instruments as a way of raising finance. Describe the different types of this instrument that can be issued. [10 Marks]

- Govt
- registered
- Callable
- Term
- Secured mortgage
- Debenture
- in mkt. bld.

QUESTION FOUR

(a) Explain any rules and principles that financial markets and institutions are required to follow in raising their operation and in ensuring financial stability. [12 Marks]

- Entry of financial inst.
- Entry of regulatory
- Entry of consumer
- Entry of insurance
- Entry of mortgage
- Entry of trust
- Entry of other

(b) Explain the role of Kenya's securities exchange market in enhancing economic development [8 Marks]

- Equal distribution of wealth

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- Barometer of the economy
- Govt can raise

06/10/13

16/13