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

Date: 11th April, 2019
Time: 11.00am – 1.00pm

KFI 305 – FINANCIAL INSITUTIONS AND MARKETS II

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Discuss four regulations the government has implemented to protect the public and economy from financial panics (8 Marks)
- b) Discuss the challenges and policy direction for the central bank concerning commercial banks in details (6 Marks)
- c) Identify four international financial institutions and explain their functions (4 Marks)
- d) Describe how the performance evaluation of financial institutions is carried out in Kenya (8 Marks)
- e) Define the term euro markets and how it operates (4 Marks)

QUESTION TWO (20 MARKS)

- a) Discuss the impact of international and regional financial institutions to Kenya's economy (8 Marks)
- b) Differentiate between moral hazard and adverse selection (8 Marks)
- c) Discuss four financial instruments used in international financial markets. (4 Marks)

QUESTION THREE (20 MARKS)

- a) Describe four drawbacks of financial sector regulations (8 Marks)
- b) Explain the challenges and policy direction for the central bank of Kenya concerning commercial banks (8 Marks)
- c) Discuss four roles of capital markets in the Kenyan economy (4 Marks)

QUESTION FOUR (20 MARKS)

- a) Explain the objectives of the International Monetary Fund (IMF) (8 Marks)
- b) Briefly explain the factors to consider when choosing between euro markets or domestic markets (8 Marks)
- c) Discuss the four contributions of the financial sector in Kenya. (4 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. (8 Marks)
- c) Discuss the role of the Nairobi Securities exchange in Kenya (4 Marks)