

UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
MAIN EXAMINATIONS
THIRD YEAR FIRST SEMESTER
FOR THE DEGREE OF BACHELOR OF COMMERCE
COURSE CODE: BCF 311
COURSE ; FINANCIAL INSTITUTIONS AND MARKETS

DATE: 20TH DECEMBER, 2022

TIME: 2.00PM - 4.00PM

INSTRUCTIONS TO CANDIDATES

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question **one** carries **30** marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

QUESTION ONE.

- a) i Distinguish between Private Equity and Public Equity issues [5 marks].
- ii. Demonstrate your understanding of Bitcoins and its impact cross-listing in Financial Markets. [5 marks].
- b) Briefly explain the role of Underwriting Firms in the issues of NEW equity securities. [10 marks]
- c) The international monetary fund (IMF) was formed to see to it that the nations kept the generally accepted code of rules in their conduct of international trade and finance. Discuss the objectives of the IMF (10MARKS)

QUESTION TWO.

- a) Find the value of a share [BAT ltd] given the following data;

Year	2000	2001	2002	2003	2004
DPS[KES]	1.10	1.20	1.35	1.40	1.55

Treasury Bills interest = 3.2%, Risk Premium (RP) = 1.79 Beta= 9.3 %

[10 marks]

- b) Briefly explain the intermediation role of Financial Markets.

[10 marks]

QUESTION THREE.

- a) **Defined Benefit Plans are designed to guarantee an individual a specified amount of benefit after retirement. What are the Drivers for reform in defined benefits.(10marks)**

[10 marks]

- b) Evaluate the cause of a “bank run “and its impact on Financial System. [10 marks]

QUESTION FOUR.

- a) The conflict between **Russia and Ukraine** has been causing knock-on effects globally on financial markets as INDICATED in the following graph;

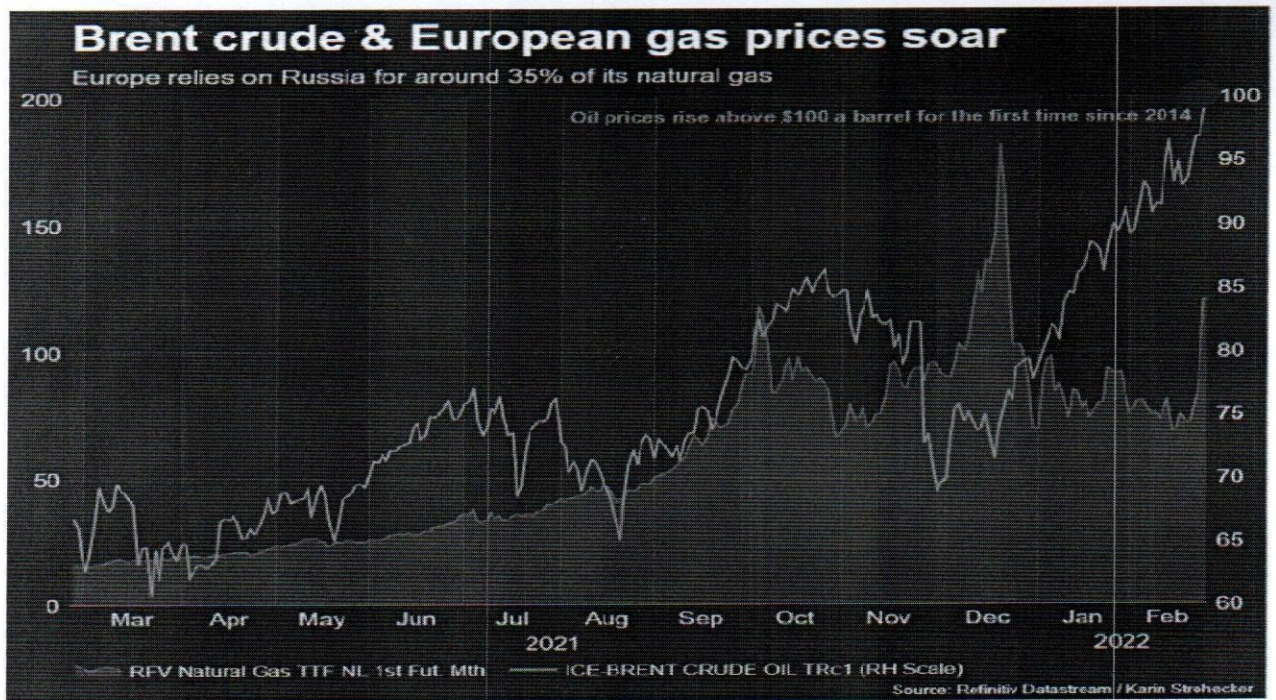


Image: Reuters/Refinitiv Datastream/Karin Strohecker.

Required;

With reference to the above diagram explain how the Russian-Ukrainian war has impacted on Global Financial Systems. [10 marks]

b) Discuss the Efficient Market Hypothesis [EMH] Theory and comment on the Efficiency of Nairobi Securities Exchange [NSE] . [10 marks].

QUESTION FIVE.

a) From the 1960s The Euro market has grown from negligible size to a very big size. Much of current international banking system is conducted in a relatively unregulated banking center known as Euromarkets. What factors would you consider when choosing between euro markets or domestic markets. [10 marks]

b) Evaluate the challenges that accompany mobile banking in a developing nation. [10 marks].