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(Knowledge for Development)

**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**2021/2022 ACADEMIC YEAR**

**SPECIAL /SUPPLEMENTARY EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF COMMERCE**

**COURSE CODE: BCF 311**

**COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS**

**DATE: 16<sup>TH</sup> NOVEMBER, 2022**

**TIME: 2.00PM – 4.00PM**

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**INSTRUCTIONS TO CANDIDATES**

*Answer Question One and any other TWO (2) Questions*

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*



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**SECTION A(30marks)****SECTION A (COMPULSORY) 30marks****QUESTION ONE-(30MARKS)**

- A) A forward contracts are financial instruments used in the market. Name the advantages of using Forward Contracts. **(6marks)**
- B) Distinguishbetween call option and a put option **(4marks)**
- C) The banking sector is the largest segment of the money market players.The central bank has faced several challenges which have necessitated change in policy for the banking sector in Kenya. Explain these challenges faced by the banking sector. **(10marks)**
- D)Stock Exchange plays an important role in the process of economic development and therefore companies strive to be listed on the stock exchange however there are disadvantages of obtaining a stock exchange listing. Discuss the five disadvantages. **(10marks)**

**SECTION B****QUESTION TWO (20MARKS)**

- a) Discuss eight factors that have contributed to globalization of financial markets **(10marks)**
- b) The Retirement Benefit Authority Has Put in Place Key Requirements on Pension Schemes in Kenya, discuss These Requirements. **(6marks)**
- c) Discuss Repurchase agreement is **(4marks)**

**QUESTION FOUR (20MARKS)**

- a) The Central bank has faced several challenges which have necessitated change in policy for the banking sector in Kenya. Discuss the five challenges faced by Central bank in implementing policy **(10marks).**
- b) Discuss the five RoleofPension Funds inKenya **(10 marks)**



**QUESTION FIVE**

- a) Discuss the Objectives of the International Monetary Fund **(6marks)**
  
- b) There are several factors that have led to Rapid Development of Commercial Banks in Kenya Discuss these four factors. **(8marks).**
  
- c) Bond markets are markets where bonds are issued and traded State the characteristics of Bond markets. **(6marks)**

