



MURANG'A UNIVERSITY OF TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

UNIVERSITY POSTGRADUATE EXAMINATION

2017/2018 ACADEMIC YEAR

**FIRST YEAR SECOND SEMESTER EXAMINATION FOR MASTER OF
BUSINESS ADMINISTRATION (FINANCE OPTION)**

BCF 630: FINANCIAL INSTITUTIONS AND MARKETS

DURATION: 3 HOURS

DATE: 23RD AUGUST 2018

TIME: 9.00 A.M. – 12.00 NOON

Instructions to Candidates:

1. Answer **Any Four** questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

QUESTION ONE (25 marks)

- a) Define financial institutions and discuss five appropriate examples describing the main services offered by each (10 marks)
- b) Define non-bank financial institutions and discuss five appropriate examples describing the main services offered by each (5 marks)
- c) Discuss two factors that lead to the demand for funds curve to shift (5 marks)
- d) Define financial markets with two examples (5 marks)

QUESTION TWO (25 marks)

- a) Describe the meaning of monetary policy and the tools used by the Central Bank to implement it (10 marks)
- b) Discuss four primary responsibilities of a Central Bank (10 marks)
- c) Explain two main characteristics common to money market securities (5 marks)

QUESTION THREE (25 marks)

Discuss financial markets in Kenya and any five challenges to the regulatory mechanism (25 marks)

QUESTION FOUR (25 marks)

Discuss the meaning of national debt and any five methods of debt management in Kenya (25 marks)

QUESTION FIVE (25 marks)

Describe with examples the international financial institutions and in each case specify their role (25 marks)