

MURANG'A UNIVERSITY COLLEGE

(A Constituent College of Jomo Kenyatta University of Agriculture and Technology)

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF COMMERCE

MAIN CAMPUS

UNIVERSITY EXAMINATIONS

ORDINARY

2015/2016 ACADEMIC YEAR

**YEAR FOUR SEMESTER TWO EXAMINATIONS FOR THE DEGREE OF BACHELOR OF
COMMERCE**

COURSE CODE: HBB 2404

COURSE TITLE: FINANCIAL REGULATIONS

DATE: 19TH APRIL 2016

TIME: 2 HOURS

INSTRUCTIONS TO THE CANDIDATES

THIS PAPER CONSIST OF FOUR QUESTIONS

Question one (1) is Compulsory

Answer Any Other Two (2) Questions

MRUC observes ZERO tolerance to examination irregularities

This paper consists of 5 printed pages. Please turn over. ⇨

QUESTION ONE

- a) With examples, Explain clearly the objectives of banking regulations (5 MKS)
- b) Banking institutions have put in place a host of principles that govern their day to day operations: Elaborate (5 MKS)
- c) Financial contagion happens at both international and domestic levels. Outline the measures taken to stop its spread. (5MKS)
- d) What is the impact of financial liberalization on economic performance in developing countries? (5 MKS)
- f) Lack of effective banking regulations led directly to the Wall Street crash of 1929 famously known as the great world depression of 1929. What measures have been put in place to prevent the repeat of the depression happening again? (5 MKS)

QUESTION TWO

- a) Central bank of Kenya subjects banks to certain requirements, restrictions and guidelines. Examine some of this regulatory structure of transparency. (10 MKS)
- b) Capital Markets Authority (CMA) is an independent government regulatory agency: discuss its functions and how it has influenced the capital markets (10 MKS)

QUESTION THREE

- a) Banking acts lay down rules for banking which they have to observe when they are being established and when they are carrying on their business. Examine the instruments used to ensure a strong and efficient banking system. (10 MKS)
- b) Discuss the requirements of bank regulations for banking institutions before they commence operations. (10 MKS)

Question four

- a) Why is corporate governance important? (10 MKS)
- b) Boards need to balance conformance with performance aspects of the board's work: explain the measures taken to improve corporate governance (10 MKS)