



MURANGA UNIVERSITY COLLEGE
(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

MAIN CAMPUS

ORDINARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

**FOR DIPLOMA
IN
COOPERATIVE MANAGEMENT**

COURSE CODE: BS1211
COURSE TITLE: COOPERATIVE BANKING

DATE: 22ND APRIL 2016 **TIME: 2.00-4.00m** **DURATION: 2 HOURS**

INSTRUCTIONS TO CANDIDATES

ANSWER ALL QUESTIONS

MRUC observes ZERO tolerance to examination irregularities

This Paper Consists of 2 Printed Pages. Please Turn Over.

QUESTION ONE 20 MARKS

- a) One of the objectives of the cooperative savings scheme in Kenya is to mobilize savings. Highlight five factors that may limit the ability of the cooperative savings scheme to realize this objective. (10 marks)
- b) Explain five reasons that led to the establishment of cooperative savings scheme. (10 marks)

QUESTION TWO 20 MARKS

- a) Discuss the factors that should be considered when carrying out a technical feasibility study for the establishment of a union banking section. (10 marks)
- b) Explain five measures that can be employed by Saccos and UBS to reduce cases of loan default. (10 marks)

QUESTION THREE 20 MARKS

- a) Loan repayment is the act of paying back the money borrowed from the Sacco or the UBS. Explain any four methods of loan repayment. (12 marks)
- b) Describe the advantages of a loan package to a member of a cooperative society. (8 marks)

QUESTION FOUR 20 MARKS

- a) The credit officer of Sema Savings and Credit cooperative society is considering raising funds for loaning to members. Explain six sources of loanable funds to Sema Savings and Credit cooperative society. (12 marks)
- b) Highlight the challenges faced by the cooperative movement in Kenya, which led to the formation of the Cooperative Bank of Kenya Ltd. (8 marks)