

# GARISSA UNIVERSITY

## UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR THREE FIRST SEMESTER EXAMINATION

# SUPPLEMENTARY/SPECIAL EXAMINATION

# SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 311

COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS

**EXAMINATION DURATION: 3 HOURS** 

# DATE: 23/03/18

TIME: 09.00-12.00 PM

# **INSTRUCTION TO CANDIDATES**

- The examination has SIX (6) questions
- Question ONE (1) is COMPULSORY
- Choose any other THREE (3) questions from the remaining FIVE (5) questions
- Use sketch diagrams to illustrate your answer whenever necessary

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- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

## This paper consists of TWO (2) printed pages

Supplementary / special exam\_

Good Luck – Exams Office

please turn over



#### **QUESTION ONE (COMPULSORY)**

(a) Commercial banks all over the world are faced with a number of risks. Clearly explain any four	
ble solution to the	
[10 marks]	
[9 marks]	

(c) Describe the classification of real estate investment trusts (REITs) [6 marks]

#### **QUESTION TWO**

(a) Discuss the loanable funds theory.	[6 marks]
(b) Discuss any three term structure theories of interest rate.	[9 marks]

#### **QUESTION THREE**

(a) With reference to the Banking (Amendment) Act 2015 explain the pricing of loans by	commercial
banks in Kenya.	[7 marks]
(b) Describe any four roles played by financial intermediaries in the economy.	[8 marks]

## **QUESTION FOUR**

Discuss any five challenges facing capital markets authority of Kenya. [15 marks]

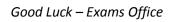
#### **QUESTION FIVE**

	[6 marks]
(b) Briefly explain the benefits that will accrue to the company that is listed.	[9 marks]

## **QUESTION SIX**

Discuss the various money market instruments

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[15 marks]