



THE CO-OPERATIVE UNIVERSITY OF KENYA

END OF SEMESTER EXAMINATION DECEMBER-2019

EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE BUSINESS

UNIT CODE:

UNIT TITLE: PRINCIPLES AND PRACTICE OF CO-OPERATIVE BANKING

DATE: 11th DECEMBER, 2019

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

- Answer Question **ONE (compulsory)** and any other **TWO** Questions

QUESTION ONE

- a) With a well labeled diagram discuss the structure of the co-operative banking system in Kenya (10 marks)
- b) Explain any SIX non physical control measures that need to be put in place before establishing a Co-operative savings Scheme (9 marks)
- c) Explain Six conditions that must be met by Co-operative society before participating in a Co-operative savings scheme (5 marks)
- d) Enumerate at least six conditions necessary for opening a member' savings and personal Account (6 marks)

QUESTION TWO

- a) Co-operative banking institutions are founded on Co-operative Principles and dealings. Discuss any FIVE principles. (10 marks)
- b) As Co-operative specialist, you have been invited by the county Co-operative Minister to train members of various groups on the major purposes of Co-operative Saving Scheme. Briefly discuss key purposes (10 marks)

QUESTION THREE

- a) Co-operative Banking is a unique practice of banking as opposed to Commercial Banking, explain citing examples where necessary (5marks)
- b) Distinguish between Centralized and Decentralized Banking system in Kenya (5marks)
- c) Explain FIVE advantages and disadvantages of a Centralized and Decentralized Banking system in Kenya (10 marks)

QUESTION FOUR

- a) Discuss FIVE causes of loan defaults in Savings and Credit Facilities. (10 marks)
- b) Discuss FIVE ways of minimizing loan defaults in Saccos (10 marks)
- c) Explain the factors to consider when establishing a Co-operative Banking Section (5 marks)

QUESTION FIVE

a) The following information was obtained from Ardhi Sacco Society limited, CS No. 432 from teller No. 1 called Mr. Ochieng on 30th September, 2018. *Use the information below to prepare a teller's Journal and a cash report*

1. Withdrawal from Member's Savings Account Ks. 200,000
2. Withdrawal from Fixed deposit Account Ks. 225,000
3. Withdrawal from Member's Savings Account Ks. 210,000
4. Cheque Deposit to Fixed deposit Account Ks. 180,000 Cheque No 005001
5. Deposit Member's Savings Account Ks. 170,000
6. Withdrawal from Fixed deposit Account Ks. 240,000
7. Withdrawal from Member's Savings Account Ks. 150,000
8. Cheque deposit Member's Savings Account Ks. 180,000 Cheque No 006001
9. Deposit to Member's Savings Account Ks. 270,000
10. Loan withdrawal Ks. 160,000
11. Withdrawal from Member's Savings Account Ks. 160,500
12. Withdrawal from Fixed deposit Account Ks. 212,000
13. Deposit to Member's Savings Account Ks. 185,000
14. Withdrawal from Member's Savings Account Ks. 170,000
15. Cheque Deposit to Fixed deposit Account Ks. 180,000 Cheque No 006003
16. Deposit to Member's Savings Account Ks. 241,450
17. Loan withdrawal Ks. 211,500
18. Loan repaid Ks. 370,000
19. Deposit Member's Savings Account Ks. 140,000
20. Withdrawal from Fixed deposit Account Ks. 190,000
21. Withdrawal from Member's Savings Account Ks. 190,000
22. Withdrawal from Member's Savings Account Ks. 160,000
25. Withdrawal from Fixed deposit Account Ks. 115,000
28. Deposit to Member's Savings Account Ks. 165,000
30. Withdrawal from Member's Savings Account Ks. 180,000

(20 marks)