



The Co-operative University of Kenya

END OF SEMESTER EXAMINATION DECEMBER -2018

**EXAMINATION FOR THE DEGREE OF BACHELOR OF CO-OPERATIVE
BUSINESS / BACHELOR OF COMMERCE
(YR I SEM II)**

UNIT CODE: HCOB 2212

UNIT TITLE: PRINCIPLES AND PRACTICE OF CO-OPERATIVE BANKING

DATE: 17TH DECEMBER, 2018

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) The following information was extracted from the transactions of Jonah Wasike member number 14014 of Mwalate Rural SACCO (C/S no. 1932) in relation to Coffee Activity (Activity No. 05) as at 30th June 2017.

a	01/01/2017	Opening savings balance	Ks. 15,000
b.	03/01/2017	Cash Deposit	Ks. 14,000
c.	15/01/2017	Cheque Deposit	Ks. 13000
d.	17/01/2017	Cash Withdrawal	Ks. 3000
e.	05/02/2017	Cash Withdrawal	Ks. 5,000
f.	09/03/2017	Cash Deposit	Ks. 15,000
g.	20/03/2017	Cash Deposit	Ks. 12,000
h.	27/03/2017	Cash Withdrawal	Ks. 10,000
i.	28/03/2017	Cash Withdrawal	Ks. 11,000
j.	03/04/2017	Members Payment	Ks. 18,000
k.	28/05/2017	Cheque Withdrawal	Ks. 12,000

Required;

Post the above transactions into the Member's Savings Account (MSA) using the form provided below and compute the member's interest if the interest rate was at 10% pa. (10 Marks)

- (b) Outline FIVE factors which led to the establishment of The Co-operative Bank of Kenya. (10 Marks)

QUESTION TWO

- (a) Explain the conditions that must be met by a co-operative society before participating in the Co-operative Savings Scheme. (10 Marks)
- (b) Discuss the challenges faced by Co-operative Banking in Kenya. (10 Marks)

QUESTION THREE

- (a) You have been employed as a marketing executive for Uwezo Sacco Society which has recently been licenced by SASRA to operate a FOSA. Discuss FIVE services that you would include in your marketing brochures for a membership drive you are organising. (10 Marks)
- (b) Explain FIVE functions of SASRA. (10 Marks)

QUESTION FOUR

- (a) Discuss THREE reasons that lead to the establishment of Co-operative Banking in Kenya in 1970. (15 Marks)
- (b) Discuss the duties of a teller in a Deposit taking Sacco. (5 Marks)

QUESTION FIVE

- (a) Differentiate between the Centralised and Decentralised systems of banking briefly outlining the advantages and disadvantages of each. (10 Marks)
- (b) How do Central Bank regulate Co-operate Banks in Kenya?(10 Marks)