



The Co-operative University College of Kenya
(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

SUPPLEMENTARY/SPECIAL EXAMINATION -2016

EXAMINATION FOR THE DEGREE OF BACHELOR OF FINANCE AND INVESTMENT

UNIT CODE: BFI 2301

UNIT TITLE: FINANCIAL INSTITUTIONS AND MARKETS

DATE:

TIME: 2 HOURS

INSTRUCTIONS:

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

QUESTION ONE

- (a) Discuss the meaning of the term financial market and how it operates (4 marks)
- (b) Explain the meaning of the term
- Money market (2 marks)
 - Capital market (2 marks)
 - Fiscal policy (2 marks)
- (c) Explain any FIVE financial intermediaries which play a key role in the financial market (10 marks)
- (d) Explain any FIVE principle objectives of the capital market authority (10 marks)

QUESTION TWO

- (a) Explain any FIVE advantages of raising funds through ordinary share capital to a business organization (10 marks)
- (b) Explain any FIVE roles of the security market in the economic development of a country (10 marks)

QUESTION THREE

- (a) "Commercial Banks play a key role in the development of economic growth of a country". In light of this statement explain any FIVE functions of the commercial banks in the enhancement of the economic growth in Kenya (10 marks)
- (b) Explain the following terms as applied in the financial markets
- Mutual funds (2 marks)
 - Unit trusts (2 marks)
 - Bulls (2 marks)
 - Bears (2 marks)
 - Jobbers (2 marks)

QUESTION FOUR

- (a) The financial markets have become very vibrant due to competition. In Kenya the players in this market have not been left behind and have seriously embraced innovation and technology. Discuss this statement in relation to emerging financial practices in the financial sector of the economy. (10 marks)
- (b) Explain any FIVE functions of the Central Bank of Kenya (10 marks)