

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE
AND BACHELOR OF COOPERATIVES**

BCOM 331: FINANCIAL INSTITUTIONS AND MARKETS

STREAMS: BCOM & BCOP Y3S1

TIME: 2 HOURS

DAY/DATE: MONDAY 29/03/2021

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

- **Answer QUESTION ONE and any other TWO.**

QUESTION ONE

- (a) Financial institutions perform the essential functions of channeling funds from savers to investors but not all of them tap savings in the form of deposits others are non-depository. In view of this statement, describe how finance companies tap savings and channel it to investors. (6 marks)
- (b) Describe some of the costs involved in the process of a company going public, that tends to discourage increased listing at the securities exchange. (8 marks)
- (c) Explain the different forms of regulations governing financial institutions and markets. (12 marks)
- (d) Distinguish between bulls and bears. (4 marks)

QUESTION TWO

- (a) Explain the challenges faced by financial institutions in carrying out their activities. (10 marks)
- (b) Describe the main functions of financial markets in the Kenyan economy. (10 marks)

QUESTION THREE

- (a) Discuss the factors that have led to the rapid development of financial institutions in Kenya. (12 marks)
- (b) Clearly explain the different types of securities that can be found in the derivatives market. (8 marks)

QUESTION FOUR

- (a) Describe the different types of bonds found in the bond market. (12 marks)
 - (b) Describe the functions of the central depository system and their contribution to the growth of the securities exchange. (8 marks)
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