

**CHUKA**



**UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

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

**BCOM 339: MICROFINANCE FOR DEVELOPMENT**

**STREAMS: BCOM (ODEL)**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 22/07/2021**

**5.00 P.M. – 7.00 P.M.**

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**INSTRUCTIONS:**

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

**QUESTION ONE**

- Microfinance institutions have an important role to play in helping to achieve one of the objectives of Kenya's vision 2030. The objective of financial inclusion and extensive financial services. Discuss the role played microfinance institution in achieving this goal. (10 marks)
- Distinguish between faith based organizations and community based organizations. (4 marks)
- Explain how microfinance institutions are able to ensure success in repayment of loans. (8 marks)
- Describe four distinguishing characteristics of microfinance institutions in provision of their services. (8 marks)

**QUESTION TWO**

- Discuss some of the precautions central bank may take in case a microfinance institutions acts in contravention of the supervision regulation. (8 marks)
- The best time to collect premiums is when policyholders have cash, for example, at harvest time, or when they receive a loan or a government cash transfer. In view of this statement, discuss the different premium payment mechanisms. (6 marks)
- Describe some of the challenges involved in lending money to poor. (6 marks)

**QUESTION THREE**

- (a) Deposit taking microfinance institutions are regulated by Central bank of Kenya, reason for their regulation is the fact that deposit taking involves a possible risk of loss depending on how the deposits are used. Explain the main areas of regulations. (10 marks)
- (b) Clearly explain various types of informal microfinance institutions found around the world. (10 marks)

**QUESTION FOUR**

- (a) Explain the group lending methodology and the advantages it has as compared to other forms of lending by microfinance institutions. (8 marks)
- (b) Discuss the different types of saving services offered by microfinance institutions. (6 marks)
- (c) Clearly discuss the history and evolution of microfinance services. (6 marks)
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