

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DEGREE  
OF BACHELOR OF COOPERATIVE MANAGEMENT

BCOP 232: COOPERATIVE BANKING

STREAMS: BCOP (Y2S1)

TIME: 2 HOURS

DAY/DATE: FRIDAY 07/12/2018

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO questions

QUESTION ONE

- (a) Using a diagrammatic representation, describe the organization structure of a cooperative bank [5 marks]
- (b) Explain the different ways in which individuals or organizations disguise the source or ownership of money [8 marks]
- (c) Explain any 3 best practices in planning how to convert assets to cash [6 marks]
- (d) Desmond company limited has the following information: It has a minimum cash balance of sh 1700. The interest rate is 15% per annum. The transaction cost of trading in securities is sh 15

**Required:**

- (i) Calculate target cash balance [3 marks]
- (ii) Calculate the upper limit [3 marks]
- (iii) Calculate average cash balance [3 marks]
- (iv) Calculate the spread [2 marks]

QUESTION TWO

**BCOP 232**

- (a) A cooperative bank should be able to evaluate loan applicants based on various merits.  
Discuss [10 marks]
- (b) Describe the role of a guarantor while granting a loan [5 marks]
- (c) Explain the Miller-Orr Model of cash management [5 marks]

**QUESTION THREE**

- (a) The cooperative sector has various types of credit programs meant to assist members.  
Discuss [10 marks]
- (b) Describe the role of a witness in a loan granting procedure [6 marks]
- (c) Outline the advantages of check-off system [4 marks]

**QUESTION FOUR**

- (a) Explain some of the measures that can be put in place to ensure full loan recovery [6 marks]
  - (b) Explain the history of cooperative banking in Kenya [7 marks]
  - (c) Differentiate between members' personal account and members' saving account [4 marks]
  - (d) Highlight the roles of a teller in a cooperative bank [3 marks]
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