

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF COMMERCE

BCOM 339: MICROFINANCE FOR DEVELOPMENT

STREAMS: BCOM (ODEL) Y3S2

TIME: 2 HOURS

DAY/DATE: THURSDAY 05/12/2019

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO questions

QUESTION ONE

- (a) Microfinance has been identified as a different form of financing because of the distinct features that it has. Describe these features. [10 marks]
- (b) Explain the various types of collateral substitutes that are used in provision of credit by microfinance institutions [10 marks]
- (c) Explain the different types of microfinance institutions that exist in Kenya today. [10 marks]

QUESTION TWO

- (a) Describe any 3 difficulties experienced in lending to the poor that makes financial institutions to shy away from extending credit to these types of clients. [6 marks]
- (b) Describe the characteristics of micro credit as a product of microfinance [8 marks]
- (c) Differentiate formal microfinance institutions and informal microfinance institutions [6 marks]

QUESTION THREE

- (a) Explain some of the challenges encountered by microfinance institutions that inhibit their growth [8 marks]
- (b) Discuss the impact of microfinance service provision on economic development of a country [12 marks]

QUESTION FOUR

- (a) Highlight the different types of loans offered by microfinance institutions [7 marks]
 - (b) Differentiate among group and individual lending models used by microfinance institutions [5 marks]
 - (c) Discuss the different forms of regulations imposed on microfinance institutions [8 marks]
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