

CHUKA



UNIVERSITY

SUPPLEMENTARY/ SPECIAL EXAMINATIONS

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

BCOM 331: FINANCIAL INSTITUTIONS AND MARKETS

STREAMS: BCOM

TIME: 2 HOURS

DAY/DATE: TUESDAY 02/02/2021

8.30 AM – 10.30 AM

INSTRUCTIONS:

Answer Question One and any other Two

Question One

- a) There are many financial institutions existing in the world today. They all play different roles in providing financial services. Describe the various functions carried out by financial institutions in Kenya. (10 marks)
- b) Explain the different types of regulations for financial institutions and markets. (10 marks)
- c) Private companies that want to raise additional funding opt raising equity through the sale of shares. Explain the advantages of raising equity through this process. (10 marks)

Question Two

- a) Clearly, explain the role of securities exchange in fostering the economic development of any country. (12 marks)
- b) Describe the various types of derivatives found in the derivative market. (8 marks)

Question Three

- Explain the different types of bonds found on the bond market. (10 marks)
- Describe the various types of risks facing financial institutions. (10 marks)

Question Four

a) Explain the various factors that have facilitated growth and development of financial institutions. (10 marks)

b) Describe the main benefits a company derives from the existence of a secondary market. (10 marks)
