CHUKA UNIVERSITY

UNIVERSITY EXAMINATIONS

EMBU CAMPUS

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 339: MICROFINANCE FOR DEVELOPMENT

STREAMS: BCOM(Y3S2) TIME: 2 HOURS

DAY/DATE: MONDAY 11/08/2025 2.30 P.M. – 4.30 P.M.

INSTRUCTIONS:

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

QUESTION 1 (Compulsory) – 30 Marks

Laborious microfinance activities, based on established best practices, are essential in providing financial services to underprivileged individuals through sustainable institutions. Unfortunately, there have been far more instances of failure than success in this area.

a) Define microfinance and explain its core objectives in the context of economic development. *(10 marks)*

b) Discuss the role of Microfinance Institutions (MFIs) in improving financial inclusion. *(10 marks)*

c) Explore the role of digital technology in expanding access to microfinance services. *(10 marks)*

QUESTION 2 – 20 Marks

a) Explain the advantages and disadvantages of the group lending model in microfinance. (10 marks)

b) Describe the types of products and services offered by MFIs beyond credit. (10 marks)

QUESTION 3 – 20 Marks

a) Analyze how microfinance contributes to poverty alleviation, referencing two key mechanisms through which it affects household welfare. *(10 marks)*

b) Identify and explain two major regulatory or policy issues affecting microfinance institutions. *(10 marks)*

c) Examine the challenges of measuring the long-term impact of microfinance on poverty reduction. *(10 marks)*

QUESTION 4 – 20 Marks

a) Discuss how microfinance empowers women economically in Kenya (10 marks)

b) Evaluate how MFIs manage risks such as loan default and over-indebtedness. (10 marks)

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