CHUKA UNIVERSITY

UNIVERSITY EXAMINATIONS
EMBU CAMPUS
EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE
BCOM 331 FINANCIAL INSTITUTIONS AND MARKETS

STREAMS: BCOM **TIME:2 HOURS**
DAY/DATE: TUESDAY 12/08/2025 **8.30A.M. –10.30 A.M**

INSTRUCTIONS
Answer question one and any other two

QUESTION ONE

a) Continued exit of foreigners from the NSE is attributable to prolonged global jitters with the protectionism policies of the new US administration expected to impact global growth and performance of emerging and frontier markets. Analyze five causes and consequences of financial market failure. (10 marks)

b) Well-functioning financial institutions and markets are essential for a healthy economy. Evaluate this statement using real world examples. (10 marks)

c) Financial innovation is the new normal in financial markets and institutions like fintech and mobile banking. Evaluate five roles of financial innovation in transforming financial markets and institutions and five risks associated with innovation. (10 marks)

QUESTION TWO

a) Analyze the relationship between monetary policy, interest rates and the performance of financial institutions and markets. (10 marks)

b) Elaborate how do global financial markets influence domestic financial systems in developing countries. (10 marks)

QUESTION THREE

a) Discuss the role of microfinance institutions in promoting financial inclusion and alleviating poverty in developing economies like Kenya. (10 marks)

b) Evaluate the effectiveness of the regulatory framework governing commercial banks in Kenya. How has the Central Bank of Kenya influenced the stability and efficiency of the banking sector. (10 marks)

QUESTION FOUR

a) Central Depository System is a computerized system that enable the holding and transfer of securities. Evaluate five functions of CDS. (10 marks)

b) Evaluate five factors that influence the daily fluctuations of share prices at the Nairobi Securities Exchange. (10 marks)
