



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS MAY - AUGUST 2023 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCFI 302

COURSE TITLE: FINANCIAL LAW

DATE:

TIME:

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A: COMPULSORY

Question One

Weak financial institutions, inadequate regulation and supervision and lack of transparency have been at the heart of global financial crisis;

- a) In light of the information above, discuss the institutional preconditions for efficient financial markets. **[8 marks]**
- b) Information with high confidentiality concerns is considered secret such as a customer of a bank. In relation to this statement, discuss the reasons for data confidentiality in banker-customer relationship. **[12 marks]**
- c) Equity financing is the process of raising capital through the sale of shares by Companies. In reference to this statement, discuss the characteristics of equity financing. **[12 marks]**
- d) Discuss any four principle sources of company finances. **[8 marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

The retirement benefits act was enacted as part of the on-going reform process in the financial sector in order to bring the retirement benefits industry under a harmonized legislation;

- a) In light of the information above, discuss the functions of retirement benefits authority **[12 marks]**
- b) Discuss the role of the capital market authority in the economic development of Kenya. **[8 marks]**
- c)

Question three

- a) Consumer credit refers to the credit facility provided by financial institutions to consumers to purchase goods and services. In relation to this statement, discuss the factors that affect the credit score of a borrower. **[12 marks]**
- b) One of the most common types of consumer credit in Kenya is the domestic Mortgage. In reference to this statement, elaborate the Mortgagor's rights. **[8 marks]**

Question Four

The insurance regulatory authority is a statutory government agency established under the laws of Kenya to regulate and develop the insurance industry in Kenya;

- a) In reference to the statement above, discuss the functions of the insurance regulatory authority of Kenya **[12 marks]**
- b) Life insurance is a legally binding contract that pays a death benefit to the policy owner or will receive the policy's face value when the insured person dies. From this statement, discuss the various types of life insurance. **[8 marks]**

Question five

- a) The main driving force behind the process of making laws or regulations relating to finance is the creation and maintenance of efficient markets in which the legitimate rights of parties are reflected. In light of this information, discuss the goals of financial regulation. **[12 marks]**
- b) Elaborate the disadvantages of state regulation of the financial sector. **[8 marks]**

... etc. ...