



# **GRETSA UNIVERSITY - THIKA**

## **UNIVERSITY EXAMINATIONS MAY - AUGUST 2023 SEMESTER**

### **DIPLOMA IN BANKING & FINANCE**

**COURSE CODE: DBFI 012**

**COURSE TITLE: FINANCIAL INSTITUTIONS & MARKETS**

**DATE: 1 AUGUST 2023**

**TIME: 11.30 AM - 2.30 PM**

---

#### **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**

The international monetary fund (IMF) and the International bank for reconstruction and development were formed during the United Nations monetary and fiscal conference of 44 nations held at Brettonwoods New Hampshire;

- a) Discuss the major functions of international bank for reconstruction and development. **[10 Marks]**
- b) Explain the functions of international monetary fund (IMF). **[10 Marks]**
- c) Describe the various types of Euro-currency loans. **[10 Marks]**
- d) Summarize the importance of money in the economic development of any country. **[10 Marks]**

## **SECTION B: ANSWER ANY THREE QUESTIONS**

### **Question Two**

Innovation is the successful exploitation of new ideas. It enables businesses to compete effectively in the increasingly competitive global environment;

- a) Describe any six types of innovations by businesses. **[12 Marks]**
- b) Explain four benefits of financial innovations to businesses. **[8 Marks]**

### **Question Three**

Financial Markets refer to an elaborate system of the financial institutions and intermediaries put in place and developed to facilitate the transfer of funds from surplus economic units to deficit economic units;

- a) Explain six functions of financial Markets in the economy. **[12 Marks]**
- b) Explain four major classes of financial Markets in the Kenyan economy. **[8 Marks]**

### **Question Four**

The Nairobi Securities exchange provides companies with the facility to raise capital for expansion by giving a wide spectrum of people a chance to buy shares;

- a) Explain any five roles of the securities exchange in economic development. **[10 Marks]**
- b) Explain any five advantages of investing in shares. **[10 Marks]**

### **Question Five**

In any economy, there are many different tools or instruments that are used in monetary policy to ensure there is adequate supply of money in the economy and to control inflation in the economy;

- a) Explain any five major tools used in monetary policy. **[10 Marks]**
- b) Describe any five different types of monetary policy. **[10 Marks]**