



TECHNICAL UNIVERSITY OF MOMBASA
School of Business

DEPARTMENT OF ACCOUNTING AND FINANCE

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF COMMERCE

BFI 4401: MANAGEMENT OF MICRO FINANCE INSTITUTIONS

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: JUNE/JULY 2015

TIME: 2 HOURS

INSTRUCTIONS:

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

This paper consists of Two printed pages

QUESTION 1 (Compulsory)

- a) “Despite the introduction of Micro Financing to the rural and suburbs in major towns in the country, and the various government incentives, only a few institution have been established”. This was the opening remark by the guest speaker in a seminar whose theme was “Reaching the poor in our society”.

Required:

- i) Discuss the challenges faced by Micro Finance Institutions in their daily operations. **(6 marks)**
 - ii) Discuss with examples the success of MFI in reaching their goal of poverty reduction. **(6 marks)**
- b) Describe the concept of Micro Finance Institution based on the following categories:
- i) By product/needs focus **(4 marks)**
 - ii) By target market **(4 marks)**
 - iii) By market focus **(4 marks)**

- c) Micro Finance Institution play the role of financial intermediation and social intermediation.

Required:

Discuss the role of social intermediation, and support your discussion with illustrations.

(6 marks)

QUESTION 2

- a) Discuss the principles of Micro Finance as advocated by Professor Mohammed Yunis and highlight lessons that poor countries can learn from them. **(10 marks)**
- b) Discuss the importance of credit analysis in enhancing the sustainability of Micro Finance Institution. Citing examples. **(10 marks)**

QUESTION 3

- a) Micro Finance Institutions in Kenya are registered under eight different Act of Parliament. Required: List the Acts. **(8 marks)**
- b) What is the rationale for Regulation and supervision of Micro Finance Institution? **(12 marks)**

QUESTION 4

- a) i) Discuss the role of SASRA (Regulatory Authority) **(5 marks)**
ii) Draw the structure of the co-operative movement in Kenya. **(5 marks)**
- b) Discuss the major challenges in Sacco movement. **(10 marks)**

QUESTION 5

- a) Identify atleast **FIVE** Sacco's that are deposit taking. **(5 marks)**
- b) SACCOs as a movement has its challenges. You have been asked to provide solutions that can minimize the problems. **(10 marks)**