



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

**UNIT CODE: BFI 4303 UNIT TITLE: MANAGEMENT OF MICRO FINANCE
INSTITUTIONS**

SERIES: ARIL/JULY

TERM PAPER TWO

TIME: 2 HOURS

INSTRUCTIONS: ANSWER QUESTION 1 AND ANY OTHER TWO QUESTIONS.

Instructions: Answer question one and any other two questions.

QUESTION ONE.

Read the case study given below and answer the questions accordingly.

CASE STUDY:-.

Access to the formal financial system can increase asset ownership and serve as a catalyst to greater economic empowerment among women. *How is a formal financial system different from informal financial system? (10Marks)* Even a basic financial tool such as a deposit account at a formal financial institution can be of great value. A formal account provides a safe place to save and creates a reliable payment connection with family members, an employer, or the government.

It can also open up channels to formal credit critical to investing in education or in a business. *(What are some of the requirements of opening a formal account? (10 Marks)*

Yet more than 1.3 billion women worldwide remain largely outside the formal financial system (Demirguc-Kunt and Klapper, 2013). Efforts to improve gender parity in the formal financial

system have been hindered by the lack of systematic indicators on the use of different financial services—both formal and informal—in most economies.

While the role of well-functioning financial systems in addressing income inequality and promoting economic growth is widely recognized, relatively little is known about the observed gender gap in access to finance or the specific barriers that limit access to finance for women relative to men. **Discuss why Women in emerging economies suffer from accessing credit facilities? (10Marks)**

QUESTION TWO

- a) Most SACCOS have taken up to rebranding as a strategy to remain relevant to the financial market. Explain this statement with the aid of examples. **(10Marks)**
- b) What are the challenges of re branding? **(10Marks)**

QUESTION THREE

- a) What is the role played by Prof Mohammed Yunis towards Micro finance development? **(10Marks)**
- b) Explain the challenges faced by SACCOS and offer solutions to minimize such problems.**(10Marks)**

QUESTION FOUR

- a) Distinguish between FOSA and BOSA and discuss the services offered respectively. **(10Marks)**
- b) Micro finance is a tool to fight poverty. Discuss. **(10 Marks)**

QUESTION FIVE

- a) Managers at Microfinance apply the 5C's to gauge the credibility of the loan applicant. Write brief notes on each of the C's.**(10Marks)**

b) Discuss the relevant documents required by MFI's before approving the loan facility to the applicant.(10Marks)