

**PAPER 2**



**TECHNICAL UNIVERSITY OF MOMBASA**  
***School of Business***  
**DEPARTMENT OF ACCOUNTING AND FINANCE**  
**BACHELOR OF COMMERCE**

**BFI 4308: MANAGEMENT OF MICRO-FINANCE INSTITUTIONS**

**MARKING SCHEME**

END OF SEMESTER EXAMINATIONS

**SERIES:** SEPTEMBER-DECEMBER 2016

**TIME:** 2 HOURS

**INSTRUCTIONS TO CANDIDATES:**

- This paper consists of **FIVE** Questions.
- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do **NOT** Write on the question paper.
- You are only allowed to have writing materials, an Answer booklet and a scientific non programmable calculator in the examination room.
- Mobile phones are not allowed in the examination room.
- Cheating leads to disqualification.
- This paper consists of Two printed pages*

### **QUESTION ONE**

- a) State the role of government in the control and management of financial institutions in Kenya **(10marks)**
- b) State and explain briefly the risks in micro-finance and how they can be managed **(10marks)**
- c) Identify and explain the products offered by micro-finance institutions in Kenya **(10marks)**

### **QUESTION TWO**

- a) State any five characteristics of community based organizations **(5marks)**
- b) State and describe three types of group savings in the developing world **(6marks)**
- c) State five conditions that must be met for a financial institution to mobilize resources **(5marks)**
- d) What is required of funds provided in order for depositors to develop trust with their institutions **(4marks)**

### **QUESTION THREE**

- a) State the G.20 principles of financial inclusion **(10marks)**
- b) Identify donor funding instruments **(10marks)**

### **QUESTION FOUR**

Outline and briefly explain the role of government in microfinance institutions. **(20marks)**

### **QUESTION FIVE**

- a) Outline gender based obstacles in microfinance and microenterprise in Kenya. **(10marks)**
- b) State the functions of the market system. **(10marks)**