



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

BACHELOR OF BUSINESS ADMINISTRATION

BACHELOR OF COMMERCE

BFI 4409: INTERNATIONAL FINANCE

END OF SEMESTER EXAMINATION

SERIES: AUGUST 2024

TIME: 2 HOURS

DATE: Pick Date Aug 2024

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other **TWO** questions.

Do not write on the question paper.

Question ONE

- Define international finance and explain reasons for studying international finance. (10 Marks)
- Critically analyze factors that can lead to disequilibrium in the balance of payments. (12 Marks)
- Highlight **FOUR** ways in which international banks assist multinational enterprises. (8 marks)

Question TWO

- Explain determinants of demand and supply of foreign currency (10 marks)
- Discuss factors that influence exchange rates (10 marks)

Question THREE

- What do you understand is meant by the term foreign exchange exposure? (2 marks)
- Define economic exposure and discuss, by giving examples, the component of economic exposure. (10 marks)
- Giving valid examples, explain the law of one price (8 marks)

Question FOUR

- a) Distinguish between Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) (8 marks)
- b) Discuss the factors which motivate capital flows between economic agents of different countries. (12 marks)

Question FIVE

- a) Give five purposes of the World Bank as stipulated in its Articles of agreement. (10 marks)
- b) Discuss any four criticisms on SAPs using Kenya as a key example. (10 marks)