



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:
BACHELOR OF BUSINESS ADMINISTRATION
BACHELOR OF COMMERCE
BFI 4406: INTERNATIONAL FINANCE
END OF SEMESTER EXAMINATION

SERIES: APRIL 2025

TIME: 2 HOURS

DATE: Pick Date Apr 2025

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

- a) Describe the international financial environment (10 marks)
- b) Explain why a weak home currency is not the perfect solution to the deficit in balance of payment (10 marks)
- c) Vividly analyze how the government can encourage foreign direct investment in Kenya. (10 marks)

Question TWO

- a) Giving valid examples, explain the law of Purchasing Power Parity (PPP). (10 marks)
- b) Briefly, discuss the characteristics and participants of the foreign exchange market. (10 marks)

Question THREE

- a) Discuss the measures available to correct the disequilibrium in the balance of payments
(10 marks)
- b) Discuss the factors which motivate capital flows between economic agents of different countries.
(10 marks)

Question FOUR

- a) State and briefly explain any three strategies for managing exchange rate exposure (12 marks)
- b) With reference to International Finance, discuss factors to consider when choosing between Euromarkets or Domestic markets. (8 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)