TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

BACHELOR OF COMMERCE

BFI 4306: FINANCIAL INSTITUTIONS AND MARKETS

END OF SEMESTER EXAMINATION

SERIES: DECEMBER 2024

TIME: 2 HOURS

DATE: Pick DateDec2024

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) Discuss FIVE key parts that make up the Financial System. (10 marks)

b) Explain the importance of Financial Intermediaries in their role of ensuring survival and efficient operation of any given economy. (6 marks)

c) There has been a growth in investment banks in the country in the recent past. Explain in detail the meaning of investment banks and clearly outline their functions. (14 marks)

Question TWO

a) Define a financial market and vividly discuss its core functions. (12 Marks)

b) Financial institutions are important in a financial system because of the following reasons (8 Marks)

Question THREE

a) Highlight factors to consider when choosing between Euromarkets or Domestic markets (10 Marks).
b) Discuss the major arguments against IMF on the perspective of lighting economic fires as described by Prof. Steve Hanke. (10 Marks)

Question FOUR

a) Explain the rationale for government intervention in financial markets. (10 marks)
b) Explain factors that influence a multinational company's degree of translation exposure. (10 marks)

Question FIVE

Write short notes on the following terms:

a) Currency options. (5 marks)
b) Forwards (5 marks)
c) Swaps (5 marks)
d) Currency futures. (5 marks)