

LAIKIPIA



UNIVERSITY

# UNIVERSITY EXAMINATIONS

1<sup>ST</sup> SEMESTER 2023/2024 ACADEMIC YEAR

FOURTH YEAR EXAMINATION FOR THE DEGREE  
OF BACHELOR OF COMMERCE

**BFIN 411/BCOM 430: MANAGEMENT OF FINANCIAL  
INSTITUTIONS IN KENYA**

***STREAM:***

***TIME: 2 HRS***

***DAY: FRIDAY [14.30-16.30 P.M]***

***DATE: 15/12/2023***

**THIS QUESTION PAPER CONSISTS OF THREE (3) PAGES**

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### QUESTION ONE

- a) Financial institutions indirectly and directly provide financing that enables capital to be channeled to investments.

**Required**

Enumerate how these institutions work to fulfill the above functions. **(10 marks)**

- b) Commercial Banks have grown over the years in Kenya due to economic function that they perform.

**Required**

Explain how the Banks are of benefit to the Kenyan economy. **(10 marks)**

- c) Risks provide the basis for opportunities. Financial risks arise through the countless transactions of a financial nature.

**Required**

i) Explain what is financial risk management. **(5 marks)**

ii) Explain the process of risk management. **(5 marks)**

### QUESTION TWO

- a) Financial institutions act as agents that provides financial services for its clients.

**Required**

With illustrations explain the various types of financial institutions in Kenya. **(10 marks)**

- b) Management of Assets and liabilities of financial institutions in Kenya is very important to the institutions.

**Required**

i) How would an institution implement an Asset Management Program? **(6 marks).**

ii) Discuss what is Liability Management. **(4marks)**

### QUESTION THREE

- a) Liquidity Management in Financial institution is very critical.

**Required**

[With your experience of Financial Institutions], explain how financial institutions deal with liquidity problems. **(10 marks)**

- b) Explain the reasons why it has forced the government to put in place regulations to govern financial institutions in Kenya. **(10 marks)**

### QUESTION FOUR

- a) In view of the mandatory pension funds in Kenya.

**Required**

Explain how the following pension funds work:

- i) The National Social Security Fund (NSSF). **(4 marks)**
  - ii) The pension scheme for public service employees and Armed Forces. **(4 marks)**
  - iii) Voluntary occupational scheme. **(4 marks)**
  - iv) Individual personal pension scheme. **(4 marks)**
- b) Explain the uniqueness of Central Bank of Kenya as a financial institution. **(4 marks)**

