



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

SCHOOL OF BUSINESS AND ECONOMICS

BACHELOR OF COMMERCE

COURSE CODE: BCM 3114-1

**COURSE TITLE: BANKING THEORY &
PRACTICE**

DATE: 5/12/2023

TIME: 0830-1030 HRS

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** Questions

This paper consists of 2 printed pages. Please turn over.

Question One

- a) Discuss **four** benefits that would accrue to the capital market in your country from syndication by commercial banks. **(8 Marks)**
- b) With reference to Islamic banking, discuss **four** principles that govern Islamic banking. **(4 marks)**
- c) Analyze **four** benefits associated with offshore banking. **(4 Marks)**
- d) Explain **four** roles played by commercial banks in the financial market. **(4 Marks)**

Question Two

- a) With reference to deposit insurance, explain **Three** objectives of the Kenya Deposit Insurance Cooperation (KDIC). **(6 Marks)**
- b) Discuss **four** causes of financial crises in the Kenya financial market. **(4 Marks)**

Question Three

- a) Given that the management of Central Bank of Kenya is entrusted to the board of directors, explain the functions of the board of directors. **(5 Marks)**
- b) Highlight **five** factors that may lead to the removal from office of the Central Bank of Kenya governor. **(5 Marks)**

Question Four

- a) With reference to money laundering, explain **five** methods used in placement. **(5 Marks)**
- b) Describe the composition of the Board of Directors of the Central Bank of your Country. **(5 Marks)**

Question Five

- a) Discuss **five** services offered by merchant banking in your country. **(5 Marks)**
- b) Highlight **five** advantages that accrue to a client by accessing formal financial system. **(5 Marks)**

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