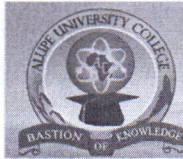


BBM 415



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**OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, STUDENT AFFAIRS AND RESEARCH**

UNIVERSITY EXAMINATIONS

2020 /2021 ACADEMIC YEAR

FOURTH YEAR SECOND SEMESTER MAIN EXAMINATION

**FOR THE DEGREE OF BACHELOR OF BUSINESS
MANAGEMENT**

COURSE CODE: BBM 415

COURSE TITLE: MANAGEMENT OF FINANCIAL INSTITUTIONS

DATE: 21ST JULY, 2021

TIME: 1 P.M TO 4 P.M

INSTRUCTION TO CANDIDATES

- SEE INSIDE

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

BBM 415

MAIN EXAM

BBM 415: MANAGEMENT OF FINANCIAL INSTITUTIONS

STREAM: BBM

DURATION: 3 Hours

INSTRUCTIONS TO CANDIDATES

- i. Answer Question **ONE** and any other **TWO** questions.*
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.*
- iii. Do not write on the question paper.*

QUESTION ONE

- (a) Recall the key roles of a financial intermediary in the process of connecting surplus and deficit agents. (6 marks)
- (b) Write short notes regarding the following terms;
 - (i) Off-balance-sheet risk (3 marks)
 - (ii) Sovereign risk (3 marks)
- (c) Identify the risk control strategies that focuses on minimizing the risk of loss in the financial market (6 marks)
- (d) Why do banks in Kenya and other countries collapse? (12 Marks)

QUESTION TWO

- (a) A strong financial services sector can lead to economic growth hence stimulating a nation's economy. Discuss. (10 marks)
- (b) Examine the contemporary challenges facing financial institutions in Kenya (10 marks)

QUESTION THREE

Risk management is a process of identifying, assessing and controlling risks. In view of this, enlighten the financial institution as the financial risk manager;

- (i) The risk management principles applicable to the financial institution (8 marks)
- (ii) The key objectives of risk management in the organization (12 marks)

QUESTION FOUR

Discuss the principle aims of the following regulators in the Kenya's financial market;

- (a) The capital market authority (10 marks)
- (b) The insurance regulatory authority (10 marks)

QUESTION FIVE

The Kenya Deposit Insurance Corporation (KDIC). KDIC is mandated to protect depositors against the loss of their insured deposits in the unlikely event of failure of a member bank. In line with this, explain;

- (a) The intervention mechanisms in case of failing or failed financial institutions (10 marks)
- (b) Challenges facing KDIC (10 marks)
