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(University of Choice)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY (MMUST)

MAIN,BUNGOMA,WEBUYE CAMPUS

UNIVERSITY EXAMINATIONS

2023/2024 ACADEMIC YEAR

FIRST YEAR SEMESTER TWO EXAMINATION

FOR DIPLOMA/CERTIFICATE

IN

BUSINESS MANAGEMENT

COURSE CODE: DBF 236

COURSE TITLE: BANKING PRACTICE AND LAW

DATE: Tuesday 16TH April 2024 **TIME:** 8.00-10.00am

INSTRUCTIONS TO CANDIDATES

Answer QUESTION ONE and any OTHER TWO questions

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over.

QUESTION ONE(20 MARKS)

i. Discuss the principles of lending and borrowing money (8 marks)
ii. Discuss the history and evolution of banking sector in Kenya (6 marks)
iii. Outline the roles of banks in foreign exchange transactions (10 marks)
iv. Explains types of advances given by banks to customers (2marks)
v. Explain the characteristics of the banker-customer relationship(4mks)

QUESTION TWO (20 MARKS)

a) There are positive changes that have taken place in the banking sector in regard to foreign exchange transactions. Outline the roles of banks in foreign exchange transactions. (10 Marks)

b) Outline the role of banking in economic development of a nation (10 Marks)

QUESTION THREE(20 MARKS)

a) Financial intermediaries have an essential role in the financial sector of a country. Discuss functions of banks as a financial intermediary (10 Marks)

b) Discuss the types of accounts given by commercial banks (6 Marks)

c) Differentiate between commercial banks and non bank financial institutions in Kenya (4mks)

QUESTION FOUR (20 MARKS)

a) The Kenyan economy has occasionally been on the dead rock despite efforts to make activities better. Discuss the role of central bank in the economy. (12 Marks)

b) Discuss some of the legislation and reforms that have taken place in the banking industry (8 Marks)

QUESTION FIVE(20 MARKS)

i. As a student you are required to open a bank account to help you navigate your financial goals while studying. State the requirements to open and operate a bank account (10 marks)
ii. What in is a collateral, outline types of collateral in the banking industry (5 marks)
iii. Discuss the Central Bank supervisory role on banks in Kenya? (5 marks)