



**Strathmore**  
UNIVERSITY  
BUSINESS SCHOOL

## **STRATHMORE BUSINESS SCHOOL**

MASTER OF SCIENCE IN DEVELOPMENT FINANCE  
Makeup Continuous Assessment Test

### **MDF 8204: FINANCIAL SERVICES REGULATION**

**Date:** Monday, 24<sup>th</sup> March 2025

**Time:** 2 hours

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**INSTRUCTION: Answer all the questions in the booklet provided. See additional Instructions in the booklet. Highlight your points, be specific and concise.**

#### **QUESTION ONE (20 Marks)**

(a) Explain the objectives and the key policy instruments for the following types of regulation of financial services:

- (i) Allocative (2 Marks)
- (ii) Structural (2 Marks)
- (iii) Prudential (2 Marks)
- (iv) Organizational (2 Marks)

(b) Discuss FOUR functions of the World Council of Credit Unions (WOCCU), in supporting the regulation of SACCOs at the global level (8 Marks).

(c) Highlight FOUR tools that the Capital Markets Authority in Kenya has put in place to protect Investors (4 Marks).

#### **QUESTION TWO (20 Marks)**

(a) In Kenya, Microfinance Institutions (MFIs) and Microfinance Banks (MFBs) are regulated by four different bodies, depending on their structure and operations. Describe the FOUR regulators and their roles in relation to MFIs and MFBs (8 Marks).

(b) Discuss FOUR ways in which the Sukuk differs from the conventional bonds (8 Marks).

(c) The Central Bank of Kenya (CBK) issued the **Guidelines on Digital Credit Providers** in 2022. Highlight FOUR aspects of the guidelines (4 Marks).

**QUESTION THREE (20 Marks)**

(a) One positive aspect from Covid 19 was the emergence of several digital credit lenders and providers. However, financial constraints led to many borrowers defaulting on their loans. Digital credit providers resulted in listing borrowers with the credit reference bureaus, which led to an outcry from borrowers. The Central Bank of Kenya therefore issued the Credit Reference Bureau (CRB) Regulations, in 2020 to address the concerns by borrowers. Describe FOUR aspects of the regulations and how they protect borrowers (**8 Marks**).

(b) Define Money Laundering (**2 Marks**) and Describe FOUR persons who may be involved in money laundering (**4 Marks**).

(c) Discuss THREE *global* strategies used by various participants to prevent and detect money laundering (**6 Marks**).