



STRATHMORE BUSINESS SCHOOL
BACHELOR OF COMMERCE
END OF SEMESTER EXAMINATION
BFS 2201: REGULATION OF FINANCIAL SERVICES

DATE: Wednesday, 4th December 2024

TIME: 13:00 – 15:00

Instructions:

Answer Question **One** (**Compulsory**) and any other **Three** Questions

Question One **(30 Marks)**

- a) Discuss the **FIVE** main objectives for regulating financial services. **(5 marks)**
- b) Explain what services the following financial institutions carry out and what is the rationale behind their regulation: **(5 marks)**
 - i) Investment Firms
 - ii) Insurance companies
 - iii) Pension funds
 - iv) Banks
 - v) SACCOs
- c) Define the term ‘money laundering’ and explain **FOUR** broad measures that financial services regulators require financial institutions to have in place to prevent and detect money laundering. **(10 marks)**
- d) Highlight the **five** ways in which pension funds are regulated by the Retirement Benefits Authority. **(10 marks)**

Question Two (20 marks)

- a) The Sacco Societies Regulatory Authority (SASRA) established under the Sacco Societies Act 2008 with the responsibility to license Saccos to undertake Deposit Taking business and to supervise and regulate Sacco Societies. Discuss **FIVE** roles of SASRA. (10 marks)
- b) Highlight **FIVE** challenges that have arisen due to poor or ineffective regulation of the investment industry (10 marks)

Question Three (20 Marks)

- a) The Kenya Banker's Association (KBA) is Kenya's umbrella body of licensed commercial banks with a current membership of more than 40 banks. It is set up as a strategy to encourage self-regulation by banks. Briefly explain **FIVE** roles of the Kenya Bankers Association. (10 marks)
- b) Using details in the Chase Bank scandal highlight the stakeholders affected by the scandal and how the regulatory authority participated in the future regulation of the banking industry. (10 marks)

Question Four (20 marks)

- a) Despite the challenges facing regulators with Fintech, Fintech has benefits for all players in the financial services. Define the term Fintech and explain **FIVE** roles of Fintech in financial services. (10 marks)
- b) Highlight **FIVE** functions of the National Kenya Computer Incident Response Team – Coordination Centre (National KE-CIRT/CC) in enhancing cyber-security in Kenya. (10 marks)

Question Five (20 marks)

- a) Highlight **five** roles the Insurance Regulatory Authority plays in the regulation of the Insurance Industry in Kenya. (10 marks)
- b) What is the importance of regulation in the Insurance Industry use a relevant case study to discuss your point of view? (10 marks)