



STRATHMORE UNIVERSITY BUSINESS SCHOOL
BACHELOR OF COMMERCE–E.C
END OF SEMESTER EXAMINATION
BCF 4102: BANKING AND DEVELOPMENT

DATE: 19th December 2023

Time: 18:00-20:00

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

QUESTION ONE **(30 marks)**

- i) Discuss the key milestones and challenges in the development of the Kenyan banking **(5 marks)**
- ii) Analyze the impact of banking sector development on Kenya's economy. Provide specific examples and data to support your arguments. **(5 marks)**
- iii) Discuss the 4 key provisions and 3 objectives of the Kenya Banking Act and its impact on the banking sector and financial stability in Kenya. **(10 marks)**
- iv) Analyze the evolution of the Banking Act over the years and the reasons behind its amendments. **(10 marks)**

QUESTION TWO **(20 Marks)**

- i) Discuss the impact of the prudential guidelines on capital adequacy in Kenyan banks. **(5 marks)**
- ii) How do these guidelines influence the ability of banks to absorb losses and maintain financial stability? Provide specific examples and discuss the implications for the Kenyan banking sector. **(5 marks)**
- iii) Identify and discuss the **FOUR** different type of risk Kenyan banks may face. **(10 marks)**

QUESTION THREE**(20 Marks)**

- i. Discuss the evolution and key provisions of the Basel Accords (Basel I, Basel II, and Basel III) in the context of international banking regulation. **(10 marks)**
- ii. How have these accords evolved to address financial stability and risk management in the banking sector, and what are the main differences between them? Provide specific examples and discuss their implications for global banking institutions. **(10 Marks)**

QUESTION FOUR**(20 Marks)**

- i. Discuss the role of commercial banks as financial intermediaries in the economy, emphasizing their significance in channeling funds from savers to borrowers. **(10 Marks)**
- ii. Explore the various banking operations and services that facilitate this intermediation process and the implications for economic growth and stability. Provide concrete examples to support your arguments. **(10 Marks)**

iii.

QUESTION FIVE**(20 Marks)**

- i. Discuss the role of microfinance institutions (MFIs) in promoting financial inclusion and alleviating poverty in developing economies. **(10 Marks)**
- ii. Analyze the challenges and opportunities associated with microfinance initiatives and their impact on the livelihoods of low-income individuals and communities. Provide specific examples and policy recommendations to enhance the effectiveness of microfinance in fostering inclusive economic growth. **(10 Marks)**