



**Riara School of Business**  
*Nurturing business innovators*

**MAY AUGUST 2023 SEMESTER**  
**EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION**  
**DAY PROGRAMME**  
**RFN 307: FINANCIAL INSTITUTIONS MANAGEMENT**

**DATE:** 31<sup>ST</sup> JULY 2023  
**HOURS**

**TIME: 2**

**GENERAL INSTRUCTIONS:**

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Text book/Reference books/notes are not permitted.

**SPECIAL INSTRUCTIONS**

1. Write your REGISTRATION NO. Clearly on the answer booklet(s).
2. Answer Question One and ANY other TWO questions.
3. Questions in all sections should be answered in answer booklet(s)
4. PLEASE start the answer to EACH question on a NEW PAGE.
5. For the questions, write the number of the question on the answer booklet(s) in the order you answered.
6. Write on both sides of each leaf and indicate number of each question at the top of each page.
7. Write the answers in a paragraph form unless stated otherwise.
8. Marks allocated to each question are shown at the end of the question.
9. All rough work must be done on the answer booklet and crossed through!
10. Use supplementary pages only when you have exhausted those in this book
11. Fasten the supplementary pages to the inside back cover of this booklet.

**QUESTION ONE: (30 MARKS)**

- a) Advance **five** arguments in favour of regulation of financial institutions. **(10 marks)**
- b) Describe **five** financial risks faced by financial institutions. **(10 marks)**
- c) Explain **five** benefits of using financial services intermediaries such as a mutual fund. **(10 marks)**

**QUESTION TWO (20 MARKS)**

- a) Evaluate **five** unique functions of financial institutions. **(10 marks)**
- b) Discuss **five** reasons why liquid asset management is important for commercial banks. **(10 marks)**

**QUESTION THREE**

- a) Examine **five** financial intermediation roles of DT Saccos in the Kenyan context **(10 marks)**
- b) Evaluate **five** functional service areas of securities firms and investment banks. **(10 marks)**

**QUESTION FOUR**

- c) Describe **five** regulators of financial services in Kenya. **(10 marks)**
- d) Discuss **five** sources of liabilities that a commercial bank may rely on for its liability structure management. **(10 marks)**

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