Riara School of Business
Nurturing business innovators

JANUARY – APRIL 2023 SEMESTER EXAMINATIONS
DAY PROGRAMME
EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
RFN 301: FINANCIAL MARKETS, INSTITUTIONS AND INSTRUMENTS

DATE: APRIL 2023 **TIME: 2 HOURS**

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 Marks allocated to each question are shown at the end of the question.

5 PLEASE start the answer to EACH question on a NEW PAGE.

6 For the questions, write the number of the question on the answer booklet(s) in the order you answered them.

7 Write your answers in paragraph form unless stated otherwise.

8 Keep your phone(s) SWITCHED OFF at the front of the examination room.

9 Keep ALL bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.

10 You are only allowed to leave the examination room 30minutes to the end of the Examination.

QUESTION ONE: COMPULSORY (30 MARKS)

a) Explain the nature and roles of any **six** financial intermediaries. **(12 marks)**

b) Describe **four** components of interest return. **(8 marks)**

c) Describe **five** types of mortgages that are sold in the mortgage market **(10 marks)**

QUESTION TWO (20 MARKS)

a) Explain **five** reasons why money markets are important in the economy. **(10 marks)**

b) Describe **five** main instruments traded in the money markets. **(10 marks)**

QUESTION THREE (20 MARKS)

a) Describe **five** determinants of exchange rates. **(10 marks)**

b) Describe **five** main participants in the debt capital market. **(10 marks)**

QUESTION FOUR (20 MARKS)

Using appropriate examples from the Kenyan market, write explanatory notes on the following:

a) Money market and Capital market. **(4 marks)**

b) Primary market and Secondary market. **(4 marks)**

c) OTC market and Organized Exchanges. **(4 marks)**

d) Stock brokers and Investment banks. **(4 marks)**

e) Direct finance and Indirect finance. **(4 marks)**