



Riara School of Business
Nurturing business innovators

SEPTEMBER - DECEMBER 2019 TRIMESTER
EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
DAY PROGRAMME

RFN 301: FINANCIAL MARKETS, INSTITUTIONS AND INSTRUMENTS

DATE: DECEMBER 2019

TIME: 2 HOURS

INSTRUCTIONS

- i) Answer question one and any other two questions**
 - ii) Marks allocated to each question are shown at the end of the question**
 - iii) Arrange your work neatly and indicate the questions answered in the examination booklet**
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QUESTION ONE: COMPULSORY (30 MARKS)

- a) Evaluate **five** functions of financial markets in the economy. **(10 marks)**
- b) Your brother recently graduated from RU and started a small business that is growing steadily. He is interested in saving for his retirement but can only afford to raise KShs. 2,000 per month. Explain to him **five** benefits of using mutual funds for his investments. **(10 marks)**
- c) Explain **five** financial intermediaries. **(10 marks)**

QUESTION TWO

- a) Explain **five** reasons why money markets are important in the economy. **(10 marks)**
- b) Describe **five** main roles of an investment bank. **(10 marks)**

QUESTION THREE

- a) Outline **four** characteristics of the securities traded in the equity market. **(8 marks)**
- b) Describe **six** types of mortgages that are sold in the mortgage market **(12 marks)**

QUESTION FOUR

- a) Describe **five** main participants in the money markets. **(10 marks)**
- b) Explain **five** features of corporate bonds. **(10 marks)**

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