THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

JANUARY – APRIL 2017 TRIMESTER

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING AND FINANCE

REGULAR PROGRAMME

CBF 324: MFI DEVELOPMENT

Date: April 2017	Duration: 2 Hours
INSTRUCTIONS: Answer Question ONE and any other TWO Questions	

Q1. a) Discuss any FOUR possible potential solutions to governance challenges.
(8Marks)

b) There is a need to regulate financial institutions operating in an economy. What are the key silent regulatory and supervisory requirements for deposit-taking MFIs **(7Marks)**

c) Explain how the Millenium Development Goals (MDGs) have been **achieved** in Kenya or your Country and cite the **challenges** that have been encountered in arriving to such achievements. **(15 marks)**

Q2. a) In planning for an MIS upgrade, MFIs should consider the following key components:
      i) Project management
      ii) Strategic thinking
      iii) Process assessment

Using relevant examples, discuss the three key components
(12 marks)

b) MFIs just like other organizations face numerous challenges with the issue of governance. Discuss any FOUR key governance challenges
(8 Marks)

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Q3.   a)   Discuss the Benefits that accrue to the government, operators, customers of MFI and the general economy through Regulation of microfinance
(8 Marks)

       b)   Explain the concept of moral hazard in microfinance   **(4 Marks)**

       c)   MFIs have targeted female clients as one of their major market. Explain the reasons behind the female client focus from the positive and negative perspective   **(8Marks)**

Q4.   a)   Development and growth of microfinance has been rapid especially in developing economies. Explain at least Four reasons that lead to the growth of MFIs   **(8Marks)**

       b)   Differentiate between direct and indirect targeting by MFIs   **(4 marks)**

       c)   MFIs can be faced with imminent need to change or advance its operations. Explain the transformation process   **(8Marks)**

END

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