



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

MAY – AUGUST 2019 TRIMESTER

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING AND FINANCE

REGULAR PROGRAMME

CEN 615: ELECTRONIC FINANCE

Date: JULY 2019

Duration: 3 Hours

INSTRUCTIONS: Answer All FIVE Questions

- Q1. a) If the firm's merging in the case were banks that merged to strengthen its information technology services and offer E- banking services. What type of e-commerce business model would they be operating **(4 marks)**
- b) Identify with justifications the suitable revenue models of a bank operating an e-banking service to customers online. **(4 marks)**
- c) What are some of the risks involved when one firm acquires another firm's information Technology infrastructure? **(6 marks)**
- d) Why do firms according to the case often fail to take the target firm's information systems and IT infrastructure into account when purchasing other firms? **(8 marks)**
- e) How would you go about assessing the value of another firm's IT infrastructure and operational capabilities? What questions would you ask? **(8 marks)**

- Q2. Global integration and deregulations are dramatically changing the structure and nature of financial services.
- a) Explain the main drivers of electronic finance evolution. **(12 marks)**
 - b) Discuss the various ways the facilitation of electronic finance has impacted on financial intermediation. **(8 marks)**
- Q3. The emergence of electronic finance has made it possible for electronic banking which has revolutionized the way banking services is offered.
- a) Explain the various ways modern electronic banking has improved banking industry services. **(12 marks)**
 - b) What are the challenges/risks that arose as a result of increased adoption of electronic banking? **(8 marks)**
- Q4. Electronic finance is now embraced in most financial institutions and customers are increasing embracing the technology as electronic banking, electronic payments etc,
- a) Explain the benefits such an approach would contribute to an economy e.g Kenya **(6 marks)**
 - b) Whereas the technology is now available in most financial institutions, its not yet embraced by most customers e.g bank customers. What are the factors that hinder the adoption of electronic finance in Kenya? **(12 marks)**
- Q5. Electronic banking brings in new challenges of cybercrime and other system attacks.
- a) Identify and explain the main security problems with most electronic banking system that threaten facilitation of secure services. **(10 marks)**
 - b) Explain any five-security solutions that should be implemented in a banking system. **(10 marks)**

END