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University Examinations 2024/2025

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR
OF SCIENCE IN FINANCE

BFS 3403: INTERNATIONAL BANKING AND MANAGEMENT

DATE: JANUARY 2025

TIME: 2 HOURS

INSTRUCTIONS: *Answer question **one** and any other **two** questions*

QUESTION ONE (30 MARKS)

- a) The risks of international banks differ from those of domestic banks because of their unique characteristics. Discuss three types of these risks (9 marks)
- b) Discuss the various forms of international lending activities (10 marks)
- c) Describe the challenges faced by international banks in the course of doing business (6 marks)
- d) Suggest remedies to the challenges in (c) above (5 marks)

QUESTION TWO (20 MARKS)

- a) Describe the motivation for international banks in making foreign direct investments (10 marks)
- b) Describe three exchange rate systems (10 marks)

QUESTION THREE (20 MARKS)

- a) Describe three segments of foreign exchange market (10 marks)
- b) Explain the role of international banks in a developing country like Kenya (10 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the following international banking concepts
 - i. International bankers, acceptances (3 marks)
 - ii. Offshore banking centers (3 marks)
 - iii. International money laundering (3 marks)
 - iv. Eurocredit (3 marks)
- b) Describe four economic variables that influence a country's balance of payment (BoP) (8 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the rationale for regulation of international banking (10 marks)
- b) Explain the following terms as used in banking international
 - i. International financial crisis (5 marks)
 - ii. International money laundering (5 marks)