

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF BANKING
BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING
BANKING AND DEVELOPMENT I
CBA 4101**

SUPPLEMENTARY EXAMINATION

OCTOBER 2009

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

- The paper contains **SIX (6)** questions.
- Answer any **FOUR (4)** questions.
- All questions carry equal marks [**25 marks**].
- Start the answer to each question on a fresh page of the answer sheet.
- Indicate on your answer booklet whether you are in the conventional or parallel programme.

INFORMATION FOR CANDIDATES

Questions may be written in any order, but must be legibly numbered.

The businesses in this question paper are intended to be fictitious.

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QUESTION ONE

a) Why is financial liberalization necessary for the growth and development of third world economies? [13 marks]

b) What have been the limiting factors in liberalizing African financial markets? [12 marks]

TOTAL [25 MARKS]

QUESTION TWO

Critically analyze the importance of the following aspects of project appraisal

i. Market analysis [6 marks]

ii. Technical analysis [7 marks]

iii. Financial analysis [6 marks]

iv. Economic analysis [6 marks]

TOTAL [25 MARKS]

QUESTION THREE

a) Financial repression is one of the major characteristics of financial sectors of LDCs. Discuss in detail how this and other factors have limited the development of financial institutions in LDCs. [25 marks]

TOTAL [25 MARKS]

QUESTION FOUR

Briefly explain the importance of the following concepts in banking and development

a) Peer monitoring [5 marks]

b) Community banking [5 marks]

- c) Information asymmetry [5 marks]
- d) Adverse selection [5 marks]
- e) Moral hazard [5 marks]

TOTAL [25 MARKS]

QUESTION FIVE

- a) Discuss the challenges faced by SMEs in accessing finance in Zimbabwe. [12 marks]
- b) What needs to be done to improve efficiency and effectiveness of SME financing? [13 marks]

TOTAL [25 MARKS]

QUESTION SIX

- a) Distinguish clearly between economic growth and development [6 marks]
- b) To what extent do financial markets contribute to economic growth and development? [19 marks]

TOTAL [25 MARKS]