

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY  
FACULTY OF COMMERCE  
DEPARTMENT OF BANKING**

**BANKING AND DEVELOPMENT II  
CBA 4201**

**FINAL EXAMINATION**

**MAY 2008**

**TIME: 3 HOURS**

**INSTRUCTIONS TO CANDIDATES**

**Answer any FOUR (4) questions.**

**Indicate on your answer booklet whether you are in the conventional or parallel programme.**

**INFORMATION FOR CANDIDATES**

**The number of marks is given in brackets [ ] at the end of each question or part question.**

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

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

---

**This paper consists of 3 printed pages**  
Copyright: National University of Science and Technology

**[Turn over]**

## **QUESTION 1**

Banking and insurance have much in common with each providing customers with tools for managing risk. Discuss:

a) The fundamentals common to banking and insurance as well as their convergence in practice **[10 Marks]**

b) The specific role of the insurance sector in economic development. **[15 Marks]**

**TOTAL [25 MARKS]**

## **QUESTION 2**

a) Briefly explain what you understand by the term financial services integration and what are the common forms of financial services integration? **[6 Marks]**

b) What potential benefits can developing country like Zimbabwe derive from financial services integration? **[19 Marks]**

**TOTAL [25 MARKS]**

## **QUESTION 3**

Financial services convergence can also occur through asset securitization.

a) Discuss in detail the process of asset securitization. **[12 Marks]**

b) To what extent can asset securitization contribute to the development of LDCs? **[13 Marks]**

**TOTAL [25 MARKS]**

## **QUESTION 4**

a) Why are financial markets in LDCs underdeveloped? **[15 Marks]**

b) What do you think needs to be done to develop LDC financial markets? **[10 Marks]**

**TOTAL [25 MARKS]**

**QUESTION 5**

Discuss the advantages and disadvantages of foreign bank entry in developing countries.

**TOTAL**

**[25 MARKS]**

**QUESTION 6**

c) Outline the main features of bank based and market based financial systems.

**[15 Marks]**

d) Which system is best suited for an emerging economy like Zimbabwe?

**[10 Marks]**

**TOTAL**

**[25 MARKS]**