

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY  
FACULTY OF COMMERCE  
DEPARTMENT OF BANKING  
BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING**

**BANKING AND DEVELOPMENT II  
CBA 4201**

**FINAL EXAMINATION**

**AUGUST 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 are contractual savings more effective than ordinary bank savings in the provision of development finance in an economy?  
**(10 marks)**
- b) How does the presence of contractual savings institutions in an economy improve the stability and efficiency of the financial system?  
**(15 marks)**

**TOTAL [25 MARKS]**

### **QUESTION TWO**

Banks and insurance companies compliment and compete with each other in the provision of financial services. Explain how the insurance sector and the banking sectors can compliment each other in the financing of SMEs.  
**(25 marks)**

**TOTAL [25 MARKS]**

### **QUESTION THREE**

Financial sector development can also occur through integration of financial services. What are the benefits that can be derived as a result of financial services integration?  
**(25 marks)**

**TOTAL [25 MARKS]**

### **QUESTION FOUR**

“Globalisation of financial services seeks to harmonise global political, economic and social relations among nations. Developing countries are, however, sceptical and argue that the concept leads to loss of sovereignty and policy making independence of a country’s financial system”. Discuss the likely costs and benefits of globalisation of finance to developing countries like Zimbabwe.  
**(25 marks)**

**TOTAL [ 25 MARKS]**

**QUESTION FIVE**

- a) Why are LDC financial markets inefficient **(12 marks)**
- b) What needs to be done to improve the efficiency of LDC banking systems? **(13 marks)**

**TOTAL [ 25 MARKS]**

**QUESTION SIX**

Critically examine the importance of two approaches to regulatory integration as well as the minimum standards in the regulation and harmonisation of global financial systems. **(25 marks)**

**TOTAL [25 MARKS]**