

**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**

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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Turn over

QUESTION ONE

Financial services convergence can occur through asset securitisation.

- a) Discuss in detail the process of asset securitisation [12 marks]
- a) To what extent does asset securitisation improve the efficiency of a financial system? [13 marks]

TOTAL [25 MARKS]

QUESTION TWO

Banks and contractual savings sector have much in common with each providing an intermediary role to mobilise savings. Discuss:

- a) The fundamentals common to banks and contractual savings as well as their convergence in practice. [10 marks]
- b) The specific role of contractual savings in economic development. [15 marks]

TOTAL [25 MARKS]

QUESTION THREE

- a) Discuss the determinants of foreign bank entry in low-income countries. [12 marks]
- b) What is the likely impact of foreign banks on the competitiveness of domestic banking systems? [13 marks]

TOTAL [25 MARKS]

QUESTION FOUR

Scholars argue that convergence of financial regulation across jurisdictions is a necessary condition for market integration although sometimes it can be a consequence but is always a key feature of financial integration. Critically analyse this statement and show clearly how important financial integration, government and market induced convergence as well as minimum standards and codes are in the regulation and harmonisation of global financial systems.

TOTAL

[25 MARKS]

QUESTION FIVE

Explain what you understand by each of the following terms as they are applied in banking and development.

- a) Financial services integration [5 marks]
- b) Financial services conglomerate [5 marks]
- c) Economies of scale [5 marks]
- d) Bancassurance [5 marks]
- e) Economies of scope [5 marks]

TOTAL

[25 MARKS]

QUESTION SIX

- a) What are the determinants of low deposits in African financial markets? [12 marks]
What needs to be done to improve African financial intermediation? 13 marks]

TOTAL

[25 MARKS]