POSTGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BFO 502: INTERNATIONAL BANKING PRACTICES

DATE: 28TH JULY 2026

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory.**
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

GREEN BANKING PRACTICES IN TANZANIA: A CASE STUDY OF GOVERNMENT INITIATIVES

In recent years, the global focus on environmental sustainability has prompted significant changes in the banking sector, particularly through the adoption of green banking practices. Tanzania, a country endowed with rich natural resources and a diverse ecosystem, has recognized the importance of integrating environmentally sustainable practices within its financial institutions. The Tanzanian government has initiated several projects aimed at fostering green banking, which not only promotes sustainable development but also enhances financial inclusion and economic resilience.

One of the key government initiatives in this regard is the “Green Financing for Sustainable Development” project, which aims to mobilize financial resources towards environmental sustainability. This project encourages banks to offer financial products that support renewable energy projects, sustainable agriculture, and eco-friendly initiatives. Through partnerships with international development organizations, the Tanzanian government has facilitated training for bank staff on assessing the environmental impact of potential investments. This capacity-building initiative has empowered banks to make informed lending decisions that consider both financial returns and ecological footprints.

Moreover, the Tanzanian government has implemented regulatory frameworks that incentivize green banking. The introduction of tax breaks for banks that finance green projects has stimulated increased lending to sectors that prioritize environmental sustainability. For instance, agricultural banks are now more inclined to finance farmers who adopt organic farming techniques or invest in irrigation systems that conserve water. These efforts not only reduce environmental degradation but also enhance the resilience of agricultural communities against climate change impacts.

Public awareness campaigns have also played a crucial role in promoting green banking practices in Tanzania. The government, in collaboration with non-governmental organizations, has launched initiatives to educate the public on the benefits of green banking. These campaigns focus on the importance of sustainable investment, encouraging individuals and businesses to consider the environmental implications of their financial choices. As a result, there has been a noticeable increase in the demand for green financial products, such as green loans and climate bonds, which have become attractive options for environmentally conscious consumers.

Furthermore, the government has established a monitoring and evaluation framework to assess the effectiveness of these green banking initiatives. Regular assessments ensure that banks comply with environmental standards and that the funds allocated for green projects are utilized efficiently. This accountability not only enhances the credibility of green banking but also builds trust among consumers, further driving the adoption of sustainable financial practices.

Despite these advancements, challenges remain in fully integrating green banking in Tanzania. Limited awareness among some banking institutions about the long-term benefits of green initiatives can hinder further progress. Additionally, the initial costs associated with transitioning to green banking practices can be a barrier, particularly for smaller banks with limited resources. To address these challenges, ongoing collaboration between the government, financial institutions, and international partners is essential. By fostering a supportive environment for green banking, Tanzania can enhance its economic resilience while safeguarding its natural resources.

The Tanzanian government's commitment to promoting green banking practices represents a significant step towards sustainable development. Through various initiatives, including regulatory incentives, public awareness campaigns, and capacity-building programs, the government is paving the way for a more environmentally responsible banking sector. As these practices gain traction, they not only contribute to the preservation of Tanzania's rich biodiversity but also empower communities by providing them with the necessary financial tools to thrive in a changing climate.

Source: World Bank

Required:

a) Discuss five Key government initiatives aimed at promoting green banking practices in Tanzania
(10 Marks)

b) Describe five roles of public awareness campaigns in influencing consumer behavior towards green banking in Tanzania
(10 Marks)

c) Explain five challenges faced by the banking sector in fully adopting green banking practices in Tanzania
(10 Marks)

QUESTION TWO

a) Describe five key features of international banking **(10 Marks)**

b) Assess five effects of offshore banking for companies **(5 Marks)**

QUESTION THREE

a) Illustrate five roles of foreign bills of exchange in facilitating international trade transactions
(10 Marks)

b) Analyze five effects of international banking risks on financial institutions
(5 Marks)

QUESTION FOUR

a) Explain five effects of International Monetary Funds’ policies on global economic stability and development

(10 Marks)

b) Describe five factors that affects a bank's competitive advantage in the global market

(5 Marks)