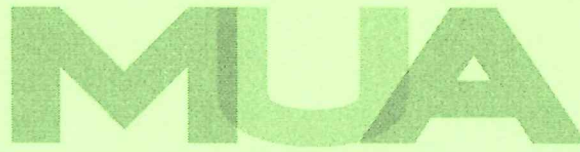


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF COMMERCE**

**FIN 311 : MANAGEMENT OF FINANCIAL INSTITUTIONS**

**DATE: 8<sup>TH</sup> AUGUST 2024**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 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:

### INTERNATIONAL STOCK EXCHANGE LISTING

You have been appointed as financial consultant of Edmonton Investment Ltd which is financed by a group of investors. Due to its rapid growth, there is considerable public interest in the company under the leadership of its founder and General Manager Ken White. Ken White owns over 30 per cent of the company's equity and has also loaned the business substantial sums to sustain its overseas development. The composition of its shareholding, apart from Ken white, is its current and past employees and other minority investors.

The consultant has been given an overall responsibility by the board for the financial management of the company, and oversight of its internal control systems and responsibility for its risk management. After two months in the job you are called to a meeting with Ken White and the company's non-executive chairman. In that time, you have made significant progress in improving the financial controls of the business and the current year end, which is three weeks away, looks very promising. The company's underlying earnings growth promises to be in excess of 30 per cent and its cash generation is strong.

The General Manager tells you that he would like you to put together a plan to take the company to full listing in the London or New York Stock Exchange as a first step to him undertaking a substantial reduction in his financial stake in the business. He tells you that this discussion must be confidential, as he expects that the market would react adversely to the news. However, he would like to see what could be done to make sure that the year-end figures are as strong as possible. Given your performance, he also tells you that they would like to offer you a substantial incentive in the form of share options.

**Required:**

- a) Discuss the key factors that Edmonton International should consider when selecting an international stock exchange for listing. (10 marks)
- b) Examine ways in which the company can navigate regulatory challenges associated with an international listing. (10 Marks)
- c) Evaluate any ethical considerations or concerns you may have concerning this proposed course of action. (5 Marks)

#### QUESTION TWO

- a) Discuss the main types of risks faced by banks and other financial institutions (10 Marks)
- b) Outline any five different types of crowdfunding models for startups. (5 Marks)

#### QUESTION THREE

- a) Examine the role of block chain technology in enhancing security and transparency in banking (12 Marks)
- b) Financial markets are among the most regulated markets in modern economies. Evaluate the three main reasons for regulation (3 Marks)

#### QUESTION FOUR

- a) Explain five factors that banks consider when assessing creditworthiness of the prospective customers. (10 Marks)
- b) Analyze the importance of international regulatory compliance for globally operating banks (5 Marks)

**QUESTION FIVE**

- a) Highlight the role of central banks in mitigating liquidity risk for financial institutions **(10 Marks)**
- b) Describe how a financial institution can leverage on digital technologies to enhance the overall customer experience. **(5 Marks)**

**QUESTION SIX**

- a) Examine the impact of regulatory arbitrage practices in undermining the effectiveness of regulations **(8 Marks)**
- b) Assess any seven reasons why managers must study management of financial institutions **(7 Marks)**