

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**SECOND YEAR EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF COOPERATIVE MANAGEMENT**

BCOP 232: COOPERATIVE BANKING

STREAMS: BCOP

TIME: 2 HOURS

DAY/DATE: TUESDAY 05/12/2017

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

QUESTION ONE

- (a) Outline the procedure that should be followed by the credit committee of a cooperative society after a list of overdue accounts is prepared. [10 marks]
- (b) Explain five differences between services offered by commercial banks and those offered by cooperative banking institutions. [10 marks]
- (c) Explain measures that have been instituted by the union banking section to control short term loans under the crop production credit scheme. [10 marks]

QUESTION TWO

- (a) Explain four reasons that led to the establishment of cooperative banking in Kenya. [8 marks]
- (b) Explain the importance of the information that appears in a member loan application form. [6 marks]
- (c) In 2015, the liquidity margin of KENZA SACCO was ksh. 25.8 billion while in 2016 there was a deficit of ksh. 18.5 million. Explain three reasons that might have led to the change in the liquidity margin. [6 marks]

QUESTION THREE

- (a) Joe intends to make an over the counter withdrawal from his society's union banking section. Outline three measures that the teller should take to ensure that Joe is the legal account holder. [6 marks]

BCOP 232

- (b) State three factors that should be considered when valuing land offered as security for a loan [6 marks]
- (c) Explain four challenges that face banking institutions when mobilizing funds.[8 marks]

QUESTION FOUR

- (a) Highlight four reasons why carrying out monthly reconciliation in the union banking sector is necessary. [4 marks]
 - (b) Explain five functions of a management committee of a saving and credit cooperative society. [10 marks]
 - (c) Explain three factors that a credit committee should consider when granting loans to members. [6 marks]
-