

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT
MICROFINANCE DEPARTMENT
LEGAL AND REGULATORY FRAMEWORK
RUBAGA
AUG 2019

INSTRUCTIONS

Do not write anything on this page

Attempt any 4 questions

Untidy work will be penalized

1. Discuss the merits of a regulated financial sector to the following stake holders in microfinance;
 - a) The Microfinance Institutions (5 marks)
 - b) The Staff of MFIs (5 marks)
 - c) The Government (5 marks)
 - d) The shareholders (5 marks)
 - e) The Customers of MFIs (5 marks)
2. The regulation of a Microfinance Industry requires the central bank to consider 8 features. Elaborate on these features. (15 Marks)
 - (b) What are the challenges of delegated supervision? (10 Marks)
3. (a) Discuss the legal structure of the different MFIs that you know in the Microfinance Sector. (15 Marks)
 - (b) Critically examine the difference between a Bank and an MDI. (10 Marks)

4. (a) Write short notes on the following: (5 Marks each)

- Rationale for regulation
- Secondary regulation

(b) Explain what one would consider before setting up a Microfinance Institution of your choice (15 Marks)

5. (a) A loan agreement is a contract between a client and a Microfinance Institution but must be bound by some key elements. By virtue of this statement discuss in detail any 7 of these elements that will make any loan agreement binding. (15 Marks)

(b) Discuss the limitations of prudential regulation? (10 Marks)

6. (a) With examples distinguish between prudent regulation and non-prudent regulation. (10 Marks)

(b) What do you understand by the term microfinance and its tier system in Uganda? (10 Marks)

(c) Law is part of everyone's life and therefore it is a great necessity for all persons to have knowledge of the law. What is the purpose of the law in society? (5 Marks)