# MAKERERE UNIVERSITY

# COLLEGE OF COMPUTING AND INFORMATION SCIENCES

# SCHOOL OF COMPUTING AND INFORMATICS TECHNOLOGY

# BIT 1208: IT FOR FINANCIAL SERVICES

# TEST ONE: 21/03/15

# INSTRUCTIONS

# ATTEMPT ALL QUESTIONS

# DURATION: 1 HR

1. (a) What are financial services? (2mks)

* *are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money*

(b) Elucidate the concept electronic finance (E-finance). (2mks)

* *refers to provision of finance services and markets using electronic communication and computation with the help of internet and intranet*

(c) Mention at least **two** E-financial services. (2mks)

* *Electronic payment*
* *E-Banking / Internet banking*
* *E-credit and e-loan*
* *Mobile money*
* *Mobile banking*

(d) Distinguish between a data centre and disaster recovery site. (2 mks)

* ***Data Centre (DC)****– The place where the central server / servers are housed.*
* ***Disaster Recovery Site (DRS)****– An alternate data centre which will act as a backup* *resource and ensure business continuity in case of a DC failure.*

(c) Define the term ‘down time’and explain its impact on the overall mobile banking and money.

(2 mks)

* ***Down time:*** *is used to refer to periods when a system is unavailable.* (1 mk)

***Or***

* *refers to a period of time that a system fails to provide or perform its primary function*

***Impact:***(1 mk)

* *financial losses*
* *Decline in comp image*
* *Switching to competitors.*

1. Today many IT systems link different banks and other companies to facilitate faster transfer of electronic funds.
2. State and Elucidate **two** systems used to transfer funds locally. (4mks) any 2 plus a brief explanation.

* **EFT**
* **Money gram**
* **Western union**
* **Real time gross settlement systems (RTGS**) - *funds transfer systems where transfer of money or securitiestakes place from one bank to another on a* ***"real time"*** *and on* ***"gross"*** *basis.*
* **Inter bank funds transfer (IBFT)** - *allow customers to transfer funds from one account to another account in another bank. The beneficiary will receive the funds immediately and instantaneously, as the transfer is online and in real-time.*
* **Mobile money** -*refer to payment services operated under financial regulation and performed from or via a mobile device.*

(b) With examples, explain **three** ways how the internet is changing Uganda’s financial service industry. (6 mks)

* **Online advertising** *used in firms like Capital One unlike the traditional use of flyers and firm representatives.*
* **Online banking,** *swiftly erasing the tradition of all clients having to move to nearest branches to carry out their transactions.*
* **Online shopping** *has been enabled by use of the EFT means unlike before when importing was the only solution.*
* **Electronic Funds Transfer** *means enable instant global transfer of money*
* *Online banking, swiftly erasing the tradition of all clients having to move to nearest branches to carry out their transactions.*
* ***Video conferencing*** *e.g. skype*

1. “Advances in ICT present unique opportunities for financial services sector development in Africa”.

(a) With local examples, briefly explain at least **two** emerging technological trends in the financial service sector. (2 mks)

***Mobile banking***

*is a system that allows customers of a financial institution to conduct a number of financial transactions through a mobile device such as a mobile phone or personal digital assistant*

***Mobile Money*** *payment services operated under financial regulation and performed from or via a mobile device.*

***Online banking*** *(or* ***Internet banking*** *or* ***E-banking****) allows customers of a financial institution to conduct financial transactions on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society.*

***Biometric ATMs*** *are latest inventions to guide against fraud and duplication. If somebody steals our card and also knows our PIN they can easily withdraw cash from our account. In case of biometric ATM's they cannot.*

***Electronic money*** *involves the use of computer networks, the Internet and digital stored value systems.* ***-Electronic funds transfer (EFT)***

(b) Explain **three** positive impacts of these emerging technologies in Uganda’s financial industry. (3 mks)

* *The internet allows quick delivery of products and services*
* *Simplified the trade of goods and services in business organization.*
* *Enhancement of security in financial services through being mounted for example biometric scanning, voice recognition due to insecurity risks.*
* *increasing convenience in the financial service*
* *Economic efficiencies to the financial industry.*

(c) “New technologies and systems are at times resisted by employees”. Explain **fiv**e reasons why new systems may be resisted. (5 mks)

* *Lack of Competence-Lack of enough expertise-knowledge.*
* *Costs of implementation*
* *Shock and Fear of the Unknown-* *May lead to unemployment- Fear to lose jobs*
* *Loss of Control:*
* *Office Politics:*
* *Peer pressure*
* *Fear of failure.*
* *Lack of tact or poor timing.*