



ZIMBABWE EZEKIEL GUTI UNIVERSITY
COLLEGE FOR LIFE LONG LEARNING

Faculty of Law, Business Intelligence and Economics

EXAMINATION PAPER

COURSE CODE : DMF 121
COURSE TITLE : Risk Management for Microfinance Institutions
SPECIAL REQUIREMENTS : NONE
DURATION : 2 Hours
LEVEL : 1.2
DATE :

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer ANY **THREE** questions
4. The number of marks for each question or part question is shown in brackets
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5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

Question One

- (a) Differentiate between strategic risk and compliance risk in MFIs. **(10marks)**
- (b) Explain five challenges of risk management in rural-based MFIs. **(15marks)**

Question Two

Discuss five key indicators used to monitor loan portfolio risk. **(25marks)**

Question Three

Case Study: An MFI has experienced a rapid increase in loan default after expanding into new markets without proper client screening.

- (a) Identify the risks involved. **(5marks)**
- (b) Propose five strategies the MFI could adopt to mitigate these risks. **(10 marks)**
- (c) Assess the importance of a risk management framework in this scenario. **(15 marks)**

Question Four

- (a) Explain the role of internal audit in managing MFI risks. **(5 marks)**
- (b) Discuss how technology both increases and reduces risks in MFIs. **(10 marks)**
- (c) Assess five consequences of poor risk management in MFIs. **(15 marks)**