



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
2023_1 POP EXAMINATION.

Course Code: BFN737

Credit Unit: 2.

Course Title: MICRO AND SMALL BUSINESS FINANCING

Time Allowed: 2 HOURS

Instructions:

- 1. Attempt Question 1 and any other two (2) Questions.**
- 2. Question 1 is compulsory and carries 30 marks while the other 2 Questions carry 20 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

1a. Microfinance banks were birthed to replace the activities of community banks and according to the apex Bank of Nigeria gave reasons for the formulation of the National Microfinance Policy. Discuss five (5) of these reasons. **(10marks)**

1b. There are three main models of integration of non-financial services with microfinance, leading to different results in terms of performance and management. Discuss the three (3) models. **(9marks)**

1c. What is a “Hire purchase arrangement” as a source of funding to SMEs in Nigeria? List the three (3) distinctive features in a notable hire purchase agreement. **(11marks)**

2a. List the three liquidity ratios **(6marks)**

2b. Various risks are associated with the dictates of the external environment that are beyond the control of firms. Discuss four (4) of these risks. **(14marks)**

3a. Small Scale Businesses play very significant roles in employment generation and economic growth of developing nations yet they are confronted with myriad of challenges. Discuss five (5) of these challenges in the Nigeria context. **(10marks)**

3b. Explain the concept of “Leasing” as a source of funding to Small and Medium Scale Enterprises (SMEs) in Nigeria. **(10marks)**

4a. Explain the concept of “Financial Inclusion” in the context of a developing economy. **(10marks)**

4b. The issue of Financial Inclusion is at the front burner of economic discourse because of the inherent benefits accruable to the financial service sector. Discuss five (5) of such benefits. **(10marks)**