NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: POST GRADUATE DIPLOMA IN DEVELOPMENT FINANCE	
QUALIFICATION CODE: 08PGDD	**LEVEL: 8**
COURSE CODE: CIB810S	**COURSE NAME:** CONTEMPORARY ISSUES IN BANKING AND FINANCE
SESSION: JUNE 2025	**PAPER:** THEORY AND APPLICATION
DURATION: 3 HOURS	**MARKS:** 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINERS	Dr Winnie Thebuho
MODERATOR	Dr Canicio Dzingirai

INSTRUCTIONS

1. This question paper consists of FIVE (5) Questions.
2. Answer ALL the FIVE (5) questions in blue or black ink only. **NO PENCIL and TIPEX**
3. Start each question on a new page and number the answers correctly and clearly.
4. Write clearly and neatly.
5. Questions relating to this examination may be raised in the initial 30 minutes after the start of the examination. Thereafter, candidates must use their initiative to deal with any perceived error or ambiguities, and any assumptions the candidate makes should be clearly stated.

PERMISSIBLE MATERIALS

1. None

THIS QUESTION PAPER CONSISTS OF _3_ PAGES (including this front page)

QUESTION 1 **[20 MARKS]**

Information asymmetry is a fundamental friction in the financial intermediation process. Financial intermediaries play a crucial role in mitigating these asymmetries through various mechanisms, thereby facilitating the efficient allocation of capital and the smooth functioning of the financial system. Understanding the nature and impact of information asymmetries is essential for comprehending the structure, behaviour, and regulation of financial markets and institutions locally and globally.

REQUIRED		**MARKS**
a)	Explain the relevance of information asymmetries in the intermediation process.	**10**
b)	How do adverse selection and moral hazard affect the bank lending function?	**5**
c)	How can banks minimize problems of adverse selection and moral hazard?	**5**

QUESTION 2 **[20 MARKS]**

Most financial services organisations want to improve their understanding of which big data processes they need to implement to maximise delivery. AI and Machine learning will be heavily invested in the coming years, and big data will now be leveraged throughout the financial services sector to improve customer experience.

REQUIRED:		**MARKS**
a)	What are the key drivers for expanding your big data strategy?	**5**
b)	Briefly discuss big data challenges in the financial services sector.	**5**
c)	Central banks are showing strong interest in using big data and new related technologies. How does the Bank of Namibia use "Big Data" and machine learning?	**10**

QUESTION 3 **[20 MARKS]**

REQUIRED		**MARKS**
a)	What is financial inclusion, and why is it important?	**5**
b)	Explain the critical factors in inclusive finance.	**5**
c)	Discuss the trends of financial inclusion in Namibia, align to the dimensions.	**5**
d)	What academic evidence is there of the positive impact of financial inclusion on clients and financial institutions?	**5**

QUESTION 4 **[20 MARKS]**

	REQUIRED	MARKS
a)	Discuss the strategies to increase the level of financial literacy in Namibia.	15
b)	Why are central banks and policymakers in Africa promoting financial inclusion? Is their confidence in its benefits justified in your view?	5

QUESTION 5 **[20 MARKS]**

Fintech is a rapidly growing sector globally, with companies disrupting traditional financial institutions and challenging established business models. Developing countries are also impacted by Fintech applications.

	REQUIRED	MARKS
a)	Provide a comprehensive discussion of how these fintech applications have changed Namibia's financial services industry.	15
b)	The Financial Action Task Force (FATF) has developed a collection of red flags / indicators that can be used to assist in the detection of misuse of the financial systems by politically exposed persons (PEPs) during a customer relationship. Briefly discuss at least 5 of these indicators mentioned in the FATF guidance on PEPs.	5

END OF EXAMINATION PAPER