ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

BANKING AND FINANCE

MODULE: Micro Business Finance **PAPER NO: 524/23/M07**

DURATION: 3 Hours

NOVEMBER / DECEMBER 2025 EXAMINATION

REQUIREMENTS

Non – programmable calculator

INSTRUCTIONS TO CANDIDATE

1. **Answer any five (5) questions only.**
2. **All questions carry equal marks.**

QUESTION 1

Analyse the regulatory framework governing microfinance business operations. (20 marks)

QUESTION 2

Explain how lending activities of Microfinance Institutions (MFIs) affect the growth of the money supply in the economy. (20 marks)

QUESTION 3

Explain the Current Recovery Rate and how it impacts the financial performance of microfinance businesses. (20 marks)

QUESTION 4

Discuss the benefits and challenges of automating microfinance operations. (20 marks)

QUESTION 5

A microfinance institution has the following financial data for the fiscal year:

Total Assets:	$1 200 000
Total liabilities:	$ 700 000
Net Income:	$ 120 000
Total Equity	$ 500 000
Interest Income	$ 300 000
Operating Expenses	$ 180 000

Required:

a) Calculate the following financial ratios:

i) Return on Assets (ROA)
ii) Return of Equity (ROE)
iii) Profit Margin

b) Based on these calculations, analyse the financial sustainability and profitability of the institution. (20 marks)

QUESTION 6

Explain the following terms:

a) Scenario analysis (4 marks)

b) Segmentation (4 marks)

c) Portfolio (4 marks)

d) Credit creation (4 marks)

e) Microfinance (4 marks)

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