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**GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2020/2021 ACADEMIC YEAR FOUR**

**SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS AND ECONOMICS**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 405**

**COURSE TITLE: FINANCIAL INFORMATION SYSTEM**

**EXAMINATION DURATION: 2 HOURS**

**INSTRUCTION TO CANDIDATES**

* **The examination has FIVE (5) questions**
* **Question ONE (1) is COMPULSORY**
* **Choose any other TWO (2) questions from the remaining FOUR (4) questions**
* **Use sketch diagrams to illustrate your answer whenever necessary**
* **Do not carry mobile phones or any other written materials in examination room**
* **Do not write on this paper**

**This paper consists of TWO (2) printed pages**

**QUESTION ONE**

E-banking or on-line banking is one of the newest financial products in the Kenyan financial market. Commercial banks are outdoing each other in order to capture a bigger share of the market. They target middle aged individuals with steady incomes and who appreciate the

Impact of information communication technology (ICT) in their day to day lives. These

individuals have access to mobile telephones and computer terminals connected to the

Internet. Through on-line banking, the individuals can pay their rents, insurance premiums, mortgages and a host of other payments without ever going to a banking hall or even to an automated teller machine (ATM). This adoption of on-line banking has resulted in increased cases of on-line frauds.

**Required:**

1. What is meant by on-line fraud? **(2 marks)**
2. Discuss security measures which could be adopted by businesses and individuals involved in e-banking/on-line banking. **(10 marks)**
3. Discuss the importance of E-Commerce in Business **(6 marks)**
4. Briefly explain why do businesses and managers need financial information (**8 marks)**
5. Briefly state how information technology is used to gain a competitive advantage **(4 marks)**

**QUESTION TWO**

1. Briefly explain why do businesses and managers need financial information **(10 marks)**
2. Describe the components of Information system **(5 marks)**
3. Information can be classified according to use to which it is put. State and explain types of information classification in financial information system. **(5 marks)**

**QUESTION THREE**

1. Discuss the factors considered when outsourcing Financial Information System**(10marks)**
2. State and explain five basic principles important to financial and accounting information system (FIS/AIS) reliability. **(10 marks)**

**QUESTION FOUR**

1. Discuss the comparison between manual and computerized financial accounting **(10 marks)**
2. Discuss the attributes of financial and accounting information **(10 marks)**

**QUESTION FIVE**

1. Define what is computerized accounting and financial system (**2 marks)**
2. Discuss the advantages and disadvantages of computerized accounting system **(10 mark**
3. The use of computers in any database oriented application has four basic requirements. Briefly state and explain the four basic requirements (**8 marks)**