



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS**  
**ADMINISTRATION –FINANCE OPTION**  
**3<sup>RD</sup> YEAR 1<sup>ST</sup> SEMESTER 2021/2022 ACADEMIC YEAR**

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**COURSE CODE: BAB 9313**

**COURSE TITLE: MONEY AND BANKING**

**EXAM VENUE: LAB 8                      STREAM: (BBA)**

**DATE:14/12/2022                      EXAM SESSION: 9.00-11.00AM**

**TIME: 2 HOURS**

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**Instructions:**

- 1. Answer questions ONE and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room**

## QUESTION ONE

### SECTION A

- i. Explain how the presence MONEY has facilitated economic growth and transformation of a country like Kenya 10 Marks
- ii. Explain the reasons for having an independent Central Bank 10 Marks
- iii. Explain the Keynesian Demand for money 10 Marks

## QUESTION TWO

- i. Describe the main issues to be addressed to the cabinet secretary for national treasury for the last twelve months by the Central bank Kenya 10 Marks
- ii. What is crypto currency and how are they traded in the global money market 10 Marks

## QUESTION THREE

- i. Discuss some of the consequential economic impacts of high and rising rate of inflation an economy 10 Marks
- ii. Briefly describe some monetary control instruments that can be employed on various occasions by the central bank to mop up an economy that is cluttered with currency. 10 Marks

## QUESTION FOUR

- i. Assume there is only one bank in the economy and the Central Bank requires that banks maintain a reserve requirement of 15% and total deposit amounts to 50,000. Describe the process of credit creation among various Banks. 10 Marks
- ii. Explain the major reforms which have taken place in the financial sector for the last decade giving out relevant examples 10 Marks

## QUESTION FIVE

- i. The following information was extracted from the Central Bank of Kenya in given an accounting year

Items	Amount ( Billions)
Currency Notes and Coins	100
Foreign Currency Denominated held by Public	200
Demand and saving deposits held with Commercial Banks	450
Government Securities with Public	600
Time and Saving Deposits with Commercial Banks	700
Time and saving Deposits held with NBFIs	150

Determine M1,M2,M3,M3X and M3XT

10 Marks

- ii. Explain the role of Commercial banks in economic growth and development in an economy

10 Marks