JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT

3RD YEAR 1st SEMESTER 2016/2017 ACADEMIC YEAR

KISII CAMPUS-PART TIME

COURSE CODE: AEC 313

COURSE TITLE: MONEY AND BANKING

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

DATE: **EXAM SESSION:**

TIME: 2   HOURS

Instructions:

1. **Answer Question ONE (COMPULSORY) 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

a). Critically discuss, the history and growth of banking sector in East Africa. (15 marks)

b). Structural adjustment is the name given to a set of free market economic policy reforms imposed on developing countries by the Bretton Woods institutions as a condition for receipt of loans. To ensure a continued inflow of funds, countries already devastated by debt obligations have little choice but to adhere to conditions mandated by the IMF and World Bank. Although structured adjustment programmes (SAPs) differ from country to country, they typically have some common features. Discuss.   (15 marks)

QUESTION TWO

    (a) Explain what is meant by the "term structure of interest rates".   (5 marks)
    (b) Describe briefly the major theories which explain the term structure of interest rates.
                                                                                (15 marks)

QUESTION THREE

    a) Enumerate the functions of financial institutions in an economy.   (10marks)

    b) International Financial Corporation (IFC), engages in a number of activities designed to promote the growth of private investment. Discuss any five (5) activities performed by International Finance Corporation (IFC).   (10 Marks)

QUESTION FOUR

Monetary policy and fiscal policy are tools employed by the government to control the level of money circulation in the economy. Discuss.   (20 marks)