



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

**UNIVERSITY EXAMINATIONS FOR BACHELOR DEGREE IN
BUSINESS ADMINISTRATION
END OF SEMESTER EXAMINATION FOR 2016 ACADEMIC YEAR
4THYEAR 2ND SEMESTER 2016/2017 ACADEMIC YEAR**

KENDU BAY LEARNING CENTRE

COURSE CODE: ABA 416

COURSE TITLE: MONETARY THEORY AND POLICY

INSTRUCTIONS:

- 1. Answer question ONE and any other two**
- 2. Candidate are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklet to the invigilator before leaving the exam room**

QUESTION ONE

- A. Identify the various factors determining the amount of money held in cash by people according to the Keynesian theory. (5 marks)
- B. Discuss the functions of money. (8 marks)
- C. Explain the factors influencing money supply. (7 marks)
- D. Show ways in which M-Pesa services have improved the lives of people. (4 marks)
- E. Discuss M-Banking as an emerging trend in the world today giving its advantages. (6 marks)

QUESTION TWO

- A. Explain various ways used by central bank to control the level of economic activities in the country. (6 marks)
- B. The Central Bank plays various roles in a country like Kenya. Discuss the fiscal and monetary policies roles indicating their limitations. (6 marks)
- C. Discuss the role of monetary authority in controlling the monetary stock. (8 marks)

QUESTION THREE

- A. In developing countries “A highly developed and efficient financial system is essential to a country’s economic growth and prosperity”. Discuss the components that form a financial system and its relevance to Kenya. (10 marks)
- B. The money and banking system has today developed into complex international systems giving challenges and opportunities to the traditional banking systems. Discuss this statement in relation to the mobile and plastic money. (10 marks)

QUESTION FOUR

- A. “The existence of multinational banks which tend to be dominant in developing countries lessens the effectiveness of the countries’ monetary policies”. Discuss this statement arguing for and against it. (8 marks)
- B. State the objectives of monetary policy in a country. (7 marks)
- C. Outline the main features of money market and capital markets. (5 marks)

QUESTION FIVE

- A. Explain the functions of Nairobi Stock Exchange in the Economy. (10 marks)
- B. Explain clearly how investors make or lose money in a stock exchange. (5 marks)

C. Enumerate five roles of Capital Market Authority.

(5 marks)