



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

UNIVERSITY EXAMINATIONS 2016

(SEPTEMBER-DECEMBER 2016)

**YEAR THREE FIRST SEMESTER EXAMINATIONS FOR BACHELOR OF BUSINESS
ADMINISTRATION WITH INFORMATION TECHNOLOGY**

(MAIN CAMPUS)

ABA 313: MONEY AND BANKING

Date:

Time: 2Hours

INSTRUCTIONS

- 1.** Answer Question **ONE** and any other **TWO** Questions
- 2.** Question **ONE** carries **30** marks, the rest **20** marks each

QUESTION ONE

- i. Explain how presence of Non - Bank Financial Intermediaries has facilitated economic growth and transformation of a country like Kenya 10 Marks
- ii. Explain the challenges of World Bank and International Monetary Fund in maintaining economic stability and growth to the member 10 Marks
- iii. Explain the key difference between the Keynesian and Friedman theories of the demand for money 10 Marks

QUESTION TWO

- i. Monetary Policy refers to the changes of money supply in an economy, Describe the main issues to be addressed in formulating monetary policy 10 Marks
- ii. Explain the mechanisms used and reasons why the Central Bank to supervise commercial banks 10 Marks

QUESTION THREE

- i. Discuss some of the consequential economic impacts of high and rising rate of Interest rate an economy 10 Marks
- ii. The Central Bank of Kenya was established soon after the country attained Independence. Explain the reasons why the Central Bank is referred as a Banker to the Commercial Banks 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. Explain the benefits of having an independent Central Bank 10 Marks
- ii. Explain the role of Commercial banks in economic growth and development in an economy 10 Marks

