

JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

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

3RD YEAR 1ST SEMESTER 2019/2020 ACADEMIC YEAR

MAIN-EVENING

COURSE CODE: AEC 313

COURSE TITLE: MONEY AND BANKING

EXAM VENUE:

STREAM: (BBA-FINANCE)

DATE:

EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer ALL questions in section A and ANY other 2 questions in section B
- 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

- 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
- 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

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

10 Marks