



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 2023/2024 ACADEMIC YEAR

MAIN & KISUMU CAMPUS

COURSE CODE: BEB 9313

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. 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 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. As you were walking downtown from college you came across Lewis and Protas quarreling over money. Protas has just bought merchants from Lewis but Lewis has decline to accept Protas's Kshs 1,000 note for payment on the ground that is "soiled" "dirty" and "old". As a student of Money and banking, advice Lewis on what he should look out for in good money. 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 evolution and development of money has been necessitated by the problem of direct exchange system: State the problem associated with this system of exchange 10 Marks
- ii. Explain the role of Commercial banks in economic growth and development in an economy 10 Marks

