

100



(Knowledge for Development)

**KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER
MAIN EXAMINATION**

FOR THE DEGREE OF BACHELOR OF EDUCATION

COURSE CODE: ECO304

COURSE TITLE: MONEY AND BANKING

DATE: 22nd JULY, 2021

TIME: 9.00AM – 11.00AM

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

SECTION A (COMPULSORY)

QUESTION ONE

- (a) State four functions of commercial banks in the economy 8 Mks
- (b) Briefly discuss Keynes theory of demand for money 6 Mks
- (c) State four role of central bank in the economy. 4 Mks
- (d) What is the meaning of the following terms?
 - (i) Equivalent money (3mks)
 - (ii) Fiat money (3mks)
- (e) Kibabii university is known for having trained students in money and banking, and a consultant has been hired to find out to what extent the students understand financial matters. The main purpose is to provide a professional advice to a country that has just attained its independence in Africa and it require to establish functional structures, in relation to money and banking provide practical advice to the government to enable it activate its economy (6mks)

SECTION B (CHOOSE ANY TWO QUESTIONS)

QUESTION TWO

- (a) Discuss five roles of commercial banks in the economy (10mks)
- (b) Define and briefly discuss four factors that influence money supply (10mrks)

QUESTION THREE

- (a) Discuss the evolution money in the economy (10mks)
- (b) Discuss FIVE qualities of a good monetary standard (10mks)

QUESTION FOUR

- (a) Assess FIVE functions of money in the economy (10mks)
- (b) Discuss the five Evils of money in the economy (10mks)

QUESTION FIVE

- (a) discuss the five factors that affect the velocity of circulation of money in the economy
(10mks)
- (b) Discuss FIVE functions of central bank(10mks)