



(Knowledge for Development)

**KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER
MAIN EXAMINATION**

FOR THE DEGREE OF BACHELLOR OF EDUCATION

COURSE CODE: ECO 304

COURSE TITLE: MONEY AND BANKING

DATE: 16TH DECEMBER, 2022

TIME: 16TH DECEMBER, 2022

INSTRUCTIONS TO CANDIDATES

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

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

SECTION A

QUESTION ONE.

- a. Explain four gold standards for a country that uses gold reserves as a base for money supply (8 marks)
- b. Money is what money does. Justify this statement by discussing six functions of money in the economy (12 marks)
- c. Explain four factors that limit effective use of monetary policy in developing countries (10 marks)

SECTION B.

QUESTION TWO

- a. What precautions should commercial bank take in advancing loans its Customers (10 marks)
- b. Explain briefly the evolution and development of money as is known today (10 marks)

QUESTION THREE

- a. Explain any five functions of commercial banks in developing economies (10 marks)
- b. Discuss five causes of demand pull inflation (10 marks)

QUESTION FOUR

- a. Discuss five implications of increasing supply of money in the economy (10 marks)
- b. Explain five factors that limit credit creation (10 marks)

QUESTION FIVE

- a. Explain the various types of money stating their characteristics (10 marks)
- b. Discuss any **five** roles of central bank in developing economy (10 marks)