Scott Christian UNIVERSITY

SCHOOL OF EDUCATION

BACHELOR OF EDUCATION (ARTS)

END OF SEMESTER ONE EXAMINATION

UNIT CODE/NAME: BUS 421: MONEY AND BANKING

SEPTEMBER –DECEMBER 2022 SEMESTER **TIME: 2 Hours**

***INSTRUCTIONS*: Answer Question One (Compulsory) and Any Other Two Questions**

SECTION A (compulsory) (30 marks)

QUESTION ONE

(a) Define the term money **(2marks)**

(b) The uniqueness of money is what makes it valuable, highlight six properties of money. **(6 marks)**

(c) Interest rate is the amount a lender charges for the use of assets expressed as a percentage of the principal. State the factors influencing interest rates charged by lenders in Kenya **(6 marks)**

(d) Governments and central banks have taken both regulatory and free market approaches to monetary policy. Outline some of the tools used to control the money supply in an economy

(6 marks)

(e) One of the primary functions of the central bank is to issue currency on behalf of the government. Briefly describe **FIVE** duties of central bank of Kenya **(10 marks)**

SECTION B

QUESTION TWO

(a) The Banking sector, like many other sectors today is facing unprecedented challenges as it moves towards digitization. Explain with examples the challenges facing banking industry in Kenya.

(7 marks)

(b) The money supply of a country consists of currency (banknotes and coins) which serve various functions. Explain **FOUR** functions of money **(8 marks)**

QUESTION THREE

(a) Using examples, **Discuss** four theories of money **(7 marks)**

(b) Differentiate between central Bank and commercial Banks **(8 marks)**

QUESTION FOUR

(a) Economic development is generally believed to be dependent on the growth of real factors such as capital accumulation, technological progress, and increase in quality and skills of labour force. Adequately Appraise the role of money in the process of economic development **(7 marks)**

(b)The central bank adopts various measures to control the money supply and commercial credit. The bank exercises its authority via different instruments of credit control. Examine **FOUR** Quantitative Measures of Credit Control **(8 marks)**

QUESTION FIVE

(a) Non Banking Financial Institutions were set up to fill the gap in the financial system and rectify inefficiencies in loan facilities. Discuss with examples **FOUR** functions of NBFIs in Kenya **(8 marks)**

(b) Discuss the role of Human Resource management in the Banking sector **(7 marks)**