



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATION FOR:

**BACHELOR OF BUSINESS ADMINISTRATION BACHELOR OF
COMMERCE**

BFI 4408 : MONEY AND BANKING

END OF SEMESTER EXAMINATION

SERIES: APRIL 2016

TERM PAPER ONE

TIME: 2 HOURS

DATE: Pick Date Select Month Pick Year

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

Question ONE

- (a) Explain the role of money in a modern economy (**10 marks**)

- (b) What are the main differences between a Commercial bank and a Micro-finance Institution. (**10 Marks**)

- (c) Trace the origin of the Central Bank of Kenya and enumerate the main functions (**10 marks**)

Question TWO

- (a) Explain barter trade. *(5 marks)*
- (b) What are the disadvantages of barter trade? *(15 marks)*

Question THREE

- (a) Discuss at least two theories of money *(10 Marks)*
- (b) Explain the theories of evolution of money *(10 marks)*

Question FOUR

- (a) Explain the term Money laundering *(5 marks)*
- (b) What impact has money laundering had on Kenya's economy *(15 marks)*

Question FIVE

Write short notes on the following:

(5 marks each)

- (a) Savings and Current account
- (b) Call and Fixed Deposit accounts
- (c) Secure and unsecured loans
- (d) Performing and Non-performing loans