



**TECHNICAL UNIVERSITY OF MOMBASA**  
*Faculty School of Business*  
**DEPARTMENT OF ACCOUNTING & FINANCE**

UNIVERSITY EXAMINATIONS FOR DEGREE IN  
BACHELOR OF BUSINESS ADMINISTRATION

**BFI 4408: MONEY & BANKING**

END OF SEMESTER EXAMINATIONS  
**SERIES: DECEMBER 2016**  
**TIME: 2 HOURS**

**INSTRUCTIONS:**

Answer Question **ONE (Compulsory)** and any other **TWO** questions.

**This paper consists of Two printed pages**

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**QUESTION ONE (COMPULSORY)**

- a) Define barter system and briefly explain five inconveniences of these system **(10 Marks)**
- b) Briefly explain the core principles of Money and Banking **(10 Marks)**
- c) Briefly discuss the evolution of East African Currency Board (E.A.C.B) and how it came to acquire the many functions of a central bank today. **(10 Marks)**

## **QUESTION TWO**

Discuss the different types of relationships that exists between a banker and its customer's (20 Marks)

## **QUESTION THREE**

a) Discuss the principles of sound lending practiced by commercial banks today (10 Marks)

b) On what grounds can a bank refuse to honour a cheque drawn by its customer (10Marks)

## **QUESTION FOUR**

a) Briefly discuss the principles underlying Islamic banking operations (10 Marks)

b) Discuss the main functions of Central Bank of Kenya as the regulator in promoting the financial sector of the Kenyan economy (10 Marks)

## **QUESTION FIVE**

a) Define money laundering (2 Marks)

b) Briefly explain the process of money laundering (6 Marks)

c) Effects of money laundering (8 Marks)

d) List preventive measure of money laundering (4 Marks)

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