



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF COMMERCE/BUSINESS ADMINISTRATION

BFI 4408: MONEY AND BANKING

END OF SEMESTER EXAMINATIONS

SERIES: AUGUST 2019

TIME: 2 HOURS

INSTRUCTIONS:

You should have the following for this examination

-Answer Booklet, examination pass and student ID

– Attempt Question ONE and any other TWO Questions.

Do not write on the question paper

Question ONE

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|---|------------|
| (a) Briefly explain the major players in money supply process | (10 Marks) |
| (b) Explain limitations of bank rate policy | (10 Marks) |
| (c) Discuss limitations of OMO as a monetary policy tool | (10 Marks) |

Question TWO

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|--|------------|
| (a) Discuss Friedman's Theory of money Demand | (10 Marks) |
| (b) Examine the limitations of Friedman's Theory of money demand | (10 Marks) |

Question THREE

- (a) Write brief notes on the following terms as used in money and banking **(12 Marks)**
- i. Savings
 - ii. Wealth
 - iii. Money
 - iv. Demand deposits
- (b) Explain the measures of money supply **(8 marks)**

Question FOUR

- (a) Discuss the quantity Theory of money **(10 Marks)**
- (b) Explain the relationship between money supply and interest rate **(10 Marks)**

Question FIVE

- (a) Explain the drawbacks of Keynes theory of money demand **(10 Marks)**
- (b) Explain reasons for holding money according to Keynesian Theory of Money demand **(10 Marks)**