



TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

BACHELOR OF BUSINESS ADMINISTRATION

BACHELOR OF COMMERCE

BFI 4408: MONEY AND BANKING

END OF SEMESTER EXAMINATION

SERIES:AUGUST 2024

TIME: 2 HOURS

DATE:Pick DateAug2024

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) Define Barter Trade. Highlight **THREE** inefficiencies of barter trade that led to the need of money. (8 Marks).
- b) Write short notes distinguishing between Islamic and Conventional Banking systems. (10 Marks)
- c) Giving relevant examples, discuss the challenges facing the banking industry in Kenya. (12 marks)

Question TWO

The existence of a regulatory authority is essential in ensuring order in the conduct of business in any sector. Explain the role of Central Bank in enhancing the growth of the banking sector in Kenya. (20 marks)

Question THREE

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

Question FOUR

- 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)

Question FIVE

Examine the trends in commercial banking in the past two decades in Kenya. Analytically, account for the trends, and on the basis of your account, comment and make a projection on the future of banking in the next decade in Kenya. (20 marks)