



TECHNICAL UNIVERSITY OF MOMBASA

---

SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

DEPARTMENT OF BUSINESS ADMINISTRATION

**UNIVERSITY EXAMINATION FOR:**

BACHELOR OF COMMERCE/BACHELOR OF BUSINESS ADMINISTRATION

BFI 4408 MONEY AND BANKING

END OF SEMESTER EXAMINATION

**SERIES: MARCH 2025**

**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**

Money and banking are integral components of modern economies, facilitating the exchange of goods and services, allocating resources, and supporting economic growth. Money serves as a medium of exchange, unit of account, and store of value, while banking institutions play a crucial role in managing the flow of money within the economy. Understanding the concepts of money and banking is essential for comprehending the functioning of financial systems and the broader economy.

- a) Discuss the uses of money and how banks create money (8marks)
- b) Talk about how money affects economic growth (6marks)
- c) Elaborate four reasons why loans advanced by commercial banks in Kenya may not be appealing to many people (10marks)
- d) Explain the reasons that lead the barter transaction to be discontinued. (6marks)

**Question TWO**

- a) Explain the characteristics of monopolistic market (10marks)



**TUM is ISO 9001:2015 Certified**

- b) Elaborate the modern trends in the banking industry in Kenya  
(10marks)

**Question THREE**

- a) Analyze the differences between commercial banks and non-banking financial institution (10marks)
- b) Identify four roles of CBK as a Bank to commercial banks (10marks)

**Question FOUR**

- a) Discuss the role of monetary policy in a developing economy like Kenya (10marks)
- b) explain the objectives of fiscal policy as a tool used by CBK (10marks)

**Question FIVE**

- a) Discuss the determinants of transactions demand and assets demand for money (6marks)
- b) Money is sometimes described by economists as "a Veil that obscures the underlying transaction." Briefly explain the intended meaning of this phrase. (6marks)
- c) Determine the function of the International Monetary Fund (IMF) in global commerce. (8marks)

