



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: APRIL 2025

TIME: 2 HOURS

DATE: Pick Date Apr 2025

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 Money and highlight FOUR features of money (10 Marks)
- b) Distinguish between performing and non-performing loans. (10 marks)
- c) Discuss the principles of sound lending practiced by commercial banks today. (10 Marks)

Question TWO

- a) Discuss the Friedman's Theory of Demand of money (10 Marks)
- b) Explain the relationship between money supply and interest rate (10 Marks)

Question THREE

- a) The role of agency banking is multifaceted and serves various stakeholders, including financial institutions, customers, and the agents themselves. Discuss the key roles and benefits of agency banking in the modern Kenya (12 Marks)
- b) Discuss various bank accounts highlighted in Money and Banking (8 Marks)

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

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)