

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA & EMBU

**EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF COOPERATIVE MANAGEMENT**

BCOM 333: MONEY AND BANKING

STREAMS: BCOP & BCOM

TIME: 2 HOURS

DAY/DATE: TUESDAY 14/04/2020

2.30 PM – 4.30 PM

INSTRUCTIONS:

- **Answer Question One and any other Two Questions only**
- **Do not write anything on the question paper**

1. (a) Monetary economy is said to have more advantages than barter system in trade transactions. Discuss. [12 marks]
- (b) Critically examine the cash balance equation or Cambridge equation in determining the value of money in the economy. [8 marks]
- (c) Using a clear illustration describe how the clearing house function operates within commercial banks in an economy. [10 marks]
2. (a) Describe the factors determining volume of the credit creation by commercial banks in a country. [10 marks]
- (b) Describe the challenges facing central banks in developing countries in implementing successful monetary policies. [10 marks]

3. (a) Describe the various monetary systems of money standards prevailing in various countries of the world. [12 marks]
- (b) Explain the non-monetary methods the government may use to control or manage inflation in an economy. [8 marks]
4. (a) Explain the role of the following institutions in financial banking activities in Kenya.
- (i) Merchant banks [5 marks]
 - (ii) National Social Security Fund (NSSF) [5 marks]
 - (iii) Savings and Credit Cooperative Societies Sacco [5 marks]
- (b) Explain the features and characteristics of FIAT money. [5 marks]
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