



(University of Choice)

MASINDE MULIRO UNIVERSITY OF SCIENCE AND TECHNOLOGY

(MMUST)

UNIVERSITY EXAMINATIONS

2022/2023 ACADEMIC YEAR

FIRST YEAR SEMESTER ONE EXAMINATION

FOR DIPLOMA

IN

BUSINESS MANAGEMENT

COURSE CODE: DBF 234

COURSE TITLE: MONEY AND BANKING

DATE: WEDNESDAY, 7TH, DECEMBER 2022 TIME: 2-4PM

INSTRUCTIONS TO CANDIDATES

Attempt **QUESTION ONE** and any **OTHER TWO** Questions

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

QUESTION ONE

- a) Outline four factors that may have led to the downfall of barter trade (4 Marks)
- b) State four methods through which Commercial Banks can transfer money (4 Marks)
- c) State any four current developments that have taken place in banking sector (4 Marks)
- d) State two factors that may influence the following motives for holding money:
- i. Transaction motive (2 Marks)
 - ii. Speculative motive (2 Marks)
- e) Outline four benefits that accrue to a customer who uses Automated Teller Machine (ATM) banking services. (4 Marks)
- f) The following are some of the accounts available to customers in Kenya banking industry: Current account, savings account and fixed deposit account. Give the account that corresponds to each of the description given below. (4 Marks)

	Description	Type of Account
i	Account holders required to deposit a specific initial amount as well as maintaining a minimum balance	
ii	Account holders may deposit and withdraw money whenever they want without maintaining a minimum balance	
iii	Banks pay interest on deposit at comparatively higher rates	
iv	Money may be deposited at any time and interest is earned if a specific balance is maintained	

g) Give four functions of commercial banks in an economy (4Marks)

h) Outline two methods used by Commercial Banks to create money. (2 Marks)

QUESTION TWO

a) There are positive changes that have taken place in the banking sector to improve their service deliveries to their customers. Mobile banking is one of the trends in banking, discuss five advantages. (10 Marks)

b) Explain five factors that influence the supply of money (10 Marks)

QUESTION THREE

a) A businessman wishes to obtain a loan from a Commercial Bank. Explain the conditions that he should satisfy before the bank can grant him the loan. (10 Marks)

b) In what ways of the functions of Commercial Banks differ with those of Non-Bank Financial Institutions (10 Marks)

QUESTION FOUR

a) Explain five ways in which Central Bank of Kenya may control the supply of money in the country. (10 Marks)

b) Discuss services that the Central Bank of Kenya offer to Commercial Banks (10 Marks)