



OFFICE OF THE DEPUTY VICE CHANCELLOR  
ACADEMICS, STUDENT AFFAIRS AND RESEARCH

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## UNIVERSITY EXAMINATIONS

**2022/2023 ACADEMIC YEAR**

FIRST YEAR FIRST SEMESTER REGULAR EXAMINATION

**FOR THE DEGREE OF BACHELOR OF BUSINESS  
MANAGEMENT**

**COURSE CODE: EDB 301**

**COURSE TITLE: BANKING THEORY AND PRACTICE**

**(MAIN EXAM)**

**DATE: 13<sup>TH</sup> DECEMBER 2022**

**TIME: 2:00 - 5:00 PM**

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### INSTRUCTION TO CANDIDATES

- SEE INSIDE

REGULAR – MAIN EXAM

**EDB 301: BANKING THEORY AND PRACTICE**

**STREAM: DEGREE**

**DURATION: 3 Hours**

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**INSTRUCTIONS TO CANDIDATES**

- i. Answer Question **ONE** and any other **TWO** questions.*
- ii. Maps and diagrams should be used whenever they serve to illustrate the answer.*
- iii. Do not write on the question paper.*

**QUESTION ONE**

- a) Discuss the main functions of money in an economy **(10 marks)**
- b) Discuss the determinants of money supply in the economy **(5 marks)**
- c) Distinguish between commodity money and fiat money **(10 marks)**
- d) Explain the various qualities of money **(5 marks)**

**QUESTION TWO**

- a) Explain the ways through which the government can finance a budget deficit **(10 marks)**
- b) Discuss the various motives of holding money as stipulated by keyne **(10 marks)**

**QUESTION THREE**

Discuss the following classifications of money stating clearly there advantages and disadvantages

- a. Token money **(5marks)**
- b. Standard money **(5 marks)**
- c. Representative money **(5 marks)**
- d. Paper money **(5 marks)**

**QUESTION FOUR**

a) Explain monetary policy instruments used to control and regulate money supply in an economy **(10 marks)**

b) Discuss the essence of a sound system of commercial banking in a developing economy **(10 marks)**

#### **QUESTION FIVE**

a) Discuss any classical quantity theory of money **(10 marks)**

b) Briefly explain the assumptions of IS- LM curve. **(10 marks)**