



## **GARISSA UNIVERSITY**

**UNIVERSITY EXAMINATION 2017/2018 ACADEMIC YEAR TWO  
SECOND SEMESTER EXAMINATION**

**SCHOOL OF BUSINESS & ECONOMICS**

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

**COURSE CODE: ECO 216**

**COURSE TITLE: ECONOMICS OF MONEY & BANKING**

**EXAMINATION DURATION: 3 HOURS**

**DATE: 19/04/18**

**TIME: 2.00-5.00 PM**

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### **INSTRUCTION TO CANDIDATES**

- **The examination has SIX (6) questions**
- **Question ONE (1) is COMPULSORY**
- **Choose any other THREE (3) questions from the remaining FIVE (5) questions**
- **Use sketch diagrams to illustrate your answer whenever necessary**
- **Do not carry mobile phones or any other written materials in examination room**
- **Do not write on this paper**

**This paper consists of TWO (2) printed pages**

*please turn over*



**QUESTION ONE (COMPULSORY)**

- (a) Briefly explain the instruments of monetary policy. **[10 marks]**
- (b) In a bid to ensure that the economy attains high growth rates, the Kenyan government pursues certain monetary goals in order to realize this. Discuss. **[15 marks]**

**QUESTION TWO**

Expansionary and restrictive monetary measures adopted by any welfare state play a leading role in ensuring stability in the economy. Elucidate **[15 marks]**

**QUESTION THREE**

- (a) What do you understand by international financial cooperation? **[3 marks]**
- (b) Discuss some of the problems of international financial cooperation **[12 marks]**

**QUESTION FOUR**

- (a) What is meant by money supply **[3 marks]**
- (b) Explain the factors that influence money supply **[12 marks]**

**QUESTION FIVE**

The disappearance of barter system of trade saw the emergence of money as a medium of exchange and which (money) continues to play a very important role in the modern world today. Discuss **[15 marks]**

**QUESTION SIX**

Write short notes on the following:

- (a) Characteristics of barter system of trade **[5 marks]**
- (b) Features of money **[5 marks]**
- (c) Fisher's quantity theory of money **[5 marks]**

