



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

JANUARY-APRIL 2024

SCHOOL OF BUSINESS

P.O. Box 62157
00200 Nairobi - KENYA
Telephone: 891601-6
Ext 1022/23/25
Fax: 254-20-891084
email: exams@cuea.edu
directorofexams@cuea.edu

DEPARTMENT OF ACCOUNTING AND FINANCE

BACHELOR OF COMMERCE

CBF312: MONEY BANKING AND FINANCIAL SERVICE

DATE: APRIL 2024

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

Q1.

- a) Explain the functions of money (5 Marks)
- b) Explain the concept of monetary aggregates and the components that make up the each monetary aggregate (10 Marks)
- c) Discuss the main objectives of Regulation of Financial Markets (5 Marks)
- d) Explain how central bank independence can be measured (5 Marks)
- e) Explain the difference between fiscal and monetary policy (5 Marks)

Q2.

- a) Outline the constraints that inhibit commercial banks' power in credit creation. (7 Marks)
- b) Explain the factors that influence or determine the volume of money supply in the economy. (8 Marks)
- c) State and explain the goals of monetary policy in the economy (5 Marks)

Q3.

- a) Discuss the challenges and policy direction for the central bank of Kenya concerning commercial Banks. (8 Marks)
- b) Bank management is the mechanisms through which a commercial bank manages its assets (loans) and liabilities (deposits) to maximize profits. Explain the general principles of bank management. (7 Marks)
- c) Discuss the importance of granting independence to the central bank. (5 Marks)

Q4.

Discuss the Kenyan perspective of CAMELS system and stress testing used in Performance Evaluation of Commercial Banks **(20 Marks)**

END

APRIL 24 DTE