



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

JANUARY – APRIL 2017 TRIMESTER

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING AND FINANCE

REGULAR PROGRAMME

CBF 311: INTRODUCTION TO BANKING AND FINANCIAL SERVICES

Date: April 2017	Duration: 2 Hours
INSTRUCTIONS: Answer Question ONE and any other TWO Questions	

- Q1. a) Compare central banking and commercial banking **(16 Marks)**
b) Commercial banks need money to facilitate their businesses. How do these banks raise money? **(8 Marks)**
c) What are the advantages of Centralization of note issue by the Central bank **(6 Marks)**
- Q2. Financial intermediation and economic growth are closely related. Relate the two giving examples. **(20 Marks)**
- Q3. Non- bank financial institutions play a key role in augmenting the services provided by the banks. What is the relevance of such institutions in an economy? **(20 marks)**
- Q4. “Credit creation” Commercial banks cannot operate without it. Discuss **(20 Marks)**

END