

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

MONEY AND BANKING BS244

DURATION: 3 HOURS

JUN 2024

INSTRUCTIONS TO CANDIDATES

1. Answer any **four** questions.
2. Answer each question on a fresh page.
3. No cell phones are allowed in the examination room.
4. You may use non programmable calculators.

QUESTION ONE

- a) Describe the four main participants in a financial system. (8)
- b) With the aid of the circular flow of income, explain the role of financial markets. (17)

**[25
MARKS]**

QUESTION TWO

- a) "The Reserve Bank should help failing banks so that investors are protected". Discuss. (6)
- b) Explain why the Reserve Bank places greater emphasis on the need for banks to maintain minimum capital adequacy levels. (6)
- c) Discuss the importance of bank liquidity in regulating bank failures. (6)
- d) Discuss briefly the three common methods used to measure bank liquidity in any financial institution in Zimbabwe. (13)

**[25
MARKS]**

QUESTION THREE

- a) Explain functions of the following Financial Institutions:
- i) Commercial Banks (3)
 - ii) Finance Houses (3)
 - iii) Micro Finance Institutions (3)
 - iv) Zimbabwe Development Bank (3)
- b) Discuss any four characteristics of financial assets that make them attractive to investors (13)

[25

MARKS]

QUESTION FOUR

- a) With reference to the Keynesian arguments, discuss the role of money in economic activity. (12)
- b) Discuss the adequacy of the Zimbabwean local currency in fulfilling the functions of money. (13)

[25

MARKS]

QUESTION FIVE

- a) The structure and regulation of a country's financial markets and institutions are the focus of considerable policy attention for a number of economic and political reasons" Discuss. (12)
- b) Discuss the adequacy of the regulatory framework in Zimbabwe. (13)

[25

MARKS]

QUESTION SIX

- a) Discuss the reasons behind the high level of inflation of the Zimbabwe local currency. (12)

- b) Suggest control measures that you think are required for a sustained stable, low price and high growth economy. (13)

[25

MARKS]