

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
DEPARTMENT OF ECONOMICS
BACHELOR OF SCIENCE HONOURS DEGREE IN ECONOMICS
MONETARY ECONOMICS (EC220/EC411)
DURATION: 3 HOURS

OCT 2024

INSTRUCTIONS TO CANDIDATES

1. Answer any four (4) questions.
2. The paper carries six (6) questions.
3. All questions carry equal marks of 25 each.
4. No cellphones allowed in the exam room.

1. Examine any Five (5) characteristics of good money. (25 Marks)
2. The experience of developing countries that have attempted to liberalize their financial sectors, shows that financial liberalization does not work. Discuss. (25 Marks)
3. Discuss any Five (5) roles of a Central Bank (CB) of your choice. (25 Marks)
4. (a) Discuss the Three (3) motives for holding money. (15 Marks)
(b) Examine any Three (3) goals of monetary policy. (12 Marks)
5. Demonstrate how the following monetary policy transmission affects the real economy:
 - i. Interest Rate. (5 Marks)
 - ii. Exchange Rate. (5 Marks)
 - iii. Equity price. (5 Marks)
 - iv. Balance sheet. (5 Marks)
 - v. Bank lending. (5 Marks)

6. According to Melton's market efficiency theory of innovation, imperfections stimulate financial innovation. Assess this view using experiences from the Zimbabwe financial sector. (25 Marks)

END OF PAPER