



ALUPE UNIVERSITY

COLLEGE

... Bastion of Knowledge...

P. O.Box 845-50400 Busia(K)

principal@auc.ac.ke

Tel: +254 741 217 185

+254 736 044 469

off Busia-Malaba road

**OFFICE OF THE DEPUTY PRINCIPAL
ACADEMICS, STUDENT AFFAIRS AND RESEARCH**

UNIVERSITY EXAMINATIONS

2019 /2020 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER REGULAR EXAMINATION

**FOR THE DEGREE OF BACHELOR OF BACHELOR OF ARTS ECONOMICS
SCHOOL OF BUSINESS, ECONOMICS AND HUMAN RESOURCE DEVELOPMENT**

COURSE CODE:ECO 226

COURSE TITLE: MONEY & BANKING

DATE: 29th OCTOBER 2020

TIME: 9.00PM -12.00

INSTRUCTION TO CANDIDATES

- **SEE INSIDE**

THIS PAPER CONSISTS OF 3 PRINTED PAGES

PLEASE TURN OVER

REGULAR –MAIN EXAM

MAT 226: MONEY & BANKING

STREAM: BED

DURATION: 3 Hours

INSTRUCTION TO CANDIDATES

- i. Answer **ALL** questions from **section A** and any **THREE** from **section B**
- ii. Do not write on the question paper.

Q1.

- a) Outline the characteristics of money making it a medium of exchange [10 marks]
- b) Explain the relationships between demand of money and interest rates [10 marks]
- c) Outline the role of Banks in the financial system [10 marks]

Q2.

- a. Discuss the causes of inflation and the different ways of controlling inflation. [10 marks]
- b. What are the primary functions of money? [10 marks]

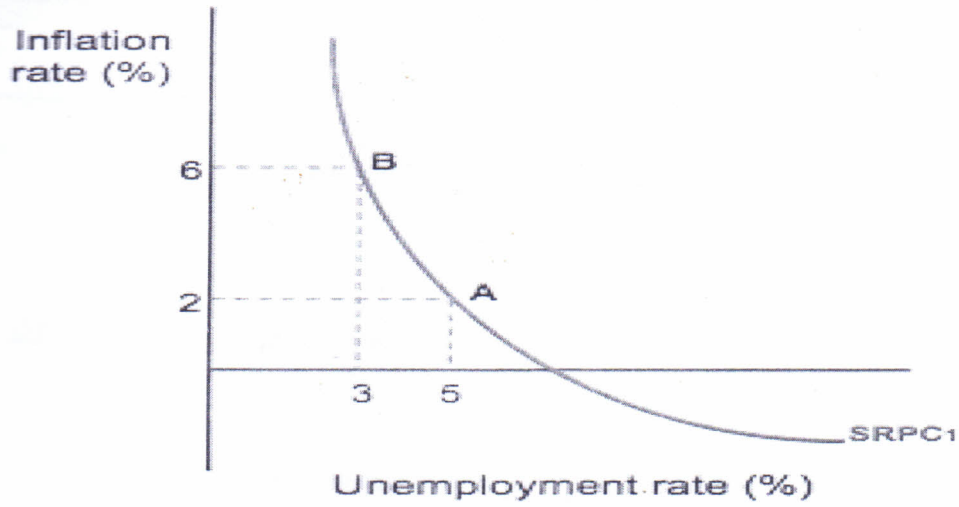
Q3.

- a. Discuss FIVE roles of the central bank in an economy [10 marks]
- b. Outline the risks faced by Commercial banks [10 marks]

Q4.

a.

Short-run Phillips curve:



Use the above illustration to explain the relationship between unemployment and inflation [10 marks]

b. Briefly discuss the history of money [10 marks]

Q5.

- a. Discuss the impact of ICT on money [10 marks]
- b. Explain the risks associated with paperless money and Bit coins [10 marks]