

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BANKING

BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING

MONEY AND BANKING

CBA 2102

SUPPLEMENTARY EXAMINATION

JULY 2004

INSTRUCTIONS TO CANDIDATES

- (i) Time : 3 hours.
 - (ii) Answer **FIVE** questions only
 - (iii) Each question carries 20 marks
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QUESTION 1

Discuss clearly the five major functions played by the Reserve Bank of Zimbabwe. In your own opinion has the bank performed these functions satisfactory? [20]

QUESTION 2

What are the three major types of market efficiency? If the Zimbabwe Stock Exchange is efficient in the strong form – Does it follow that it is efficient in the weak form? [20]

QUESTION 3

State and explain clearly the major primary functions of the four departments or units found at the Central Bank of Zimbabwe. Which monetary instruments can be used by the mother bank to control/regulate excess liquidity in the economy. [20]

QUESTION 4

Compare and contrast the roles played by commercial banks and Discount houses in the financial environment of Zimbabwe. [20]

QUESTION 5

Distinguish clearly the money and capital markets. Give three examples of securities traded in each of these markets. [20]

QUESTION 6

Do you agree with the assertion that the Zimbabwean banking sector is over banked? Support your answer. [20]

QUESTION 7

Compare and contrast the mechanistic and behavioural models of money supply determination. How good are these models in explaining the determination of money supply in Zimbabwe? [20]

END OF EXAMINATION PAPER