

**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

AUGUST 2010

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

- Answer any **FOUR (4)** questions.
- Start the answer to each question on a fresh page of the answer sheet.
- Indicate on your answer booklet whether you are in the conventional or parallel programme.
- Questions may be written in any order, but must be legibly numbered.

INFORMATION FOR CANDIDATES

- The paper contains **SIX (6)** questions.
- All questions carry equal marks [**25 marks**].
- The businesses in this question paper are intended to be fictitious.

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Turn Over

QUESTION ONE

Does money matter in the conduct of monetary policy?

(25 marks)

TOTAL

[25 MARKS]

QUESTION TWO

The macroeconomic crisis that engulfed Zimbabwe in the period prior to the adoption of multi- currencies in 2009 was exclusively a consequence of deformed central banking by the Reserve Bank of Zimbabwe. Evaluate.

(25 marks)

TOTAL

[25 MARKS]

QUESTION THREE

What was behind the high level of inflation of the Zimbabwe dollar? What control measures do you think are required for a sustained stable, low price and high growth economy?

(25 marks)

TOTAL

[25 MARKS]

QUESTION FOUR

a) What are the main characteristics of money?

(20 marks)

b) What is "liquidity" and what role does it play in the banking sector?

(5marks)

TOTAL

[25 MARKS]

QUESTION FIVE

Outline the provisions of, and provide a detailed critique of the Quantity Theory of Money.
(25 marks)

TOTAL

[25 MARKS]

QUESTION SIX

“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” Do you agree?
(25 marks)

TOTAL

[25 MARKS]