

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF BANKING**

**BANKING AND DEVELOPMENT I
CBA 4101**

SUPPLEMENTARY EXAMINATION

AUG 2008

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

Answer any FOUR (4) questions.

Indicate on your answer booklet whether you are in the conventional or parallel programme.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

Questions may be written in any order, but must be legibly numbered.

The businesses in this question paper are intended to be fictitious.

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[Turn over]

QUESTION 1

Why is financial liberalisation necessary for the growth of less developed economies?
(25 Marks)

TOTAL

[25 MARKS]

QUESTION 2

Explain the importance of any FIVE of the following concepts in banking and development:

- a) Joint liability concept (5 Marks)
- b) fungibility (5 Marks)
- c) Shadow pricing (5 Marks)
- d) Financial system fragility (5 Marks)
- e) Adverse selection (5 Marks)
- f) Information asymmetry (5 Marks)

TOTAL

[25 MARKS]

QUESTION 3

Compare and contrast commercial and social cost benefit analysis.

(25 Marks)

TOTAL

[25 MARKS]

QUESTION 4

Do you consider directed credit to agriculture justifiable in Zimbabwe? Why?

(25 Marks)

TOTAL

[25 MARKS]

QUESTION 5

What role would you appropriate to the central bank in the development process?
(25 Marks)

TOTAL [25 MARKS]

QUESTION 6

Why is the strategy of raising interest rates to attract savings for increased economic growth unlikely to be a viable approach in the poorest developing countries?
(25 Marks)

TOTAL [25 MARKS]