



MAASAI MARA UNIVERSITY
REGULAR UNIVERSITY EXAMINATIONS
2016/2017 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER
SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF SCIENCE IN HUMAN
RESOURCE MANAGEMENT

COURSE CODE: BBM 311

COURSE TITLE: BANKING THEORY AND PRACTICE

DATE: 25TH JANUARY 2017

TIME 11:00-13:00HRS

INSTRUCTIONS TO CANDIDATS

Answer Question ONE and any other THREE questions

This paper consists of two printed pages please turn over

QUESTION ONE

- a) Explain the function of commercial banks in Kenya **(10 marks)**
- b) Explain the main function of money **(5 marks)**
- c) Discuss the quantity theory of money **(10 marks)**

QUESTION TWO

- a) Explain how banks manage liquidity **(5 marks)**
- b) Explain the importance of government regulation of commercial banks. **(5 marks)**

QUESTION THREE

- a) Briefly describe the evolution of monetary policy in Kenya. **(8 marks)**
- b) What are the functions of non-bank financial institution **(7 marks)**

QUESTION FOUR

Discuss the functions of central Banks **(15 marks)**

QUESTION FIVE

Discuss the functions of IMF and World Bank **(15 marks)**

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