

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 311**

**COURSE TITLE: BANKING THEORY AND PRACTICE**

**DATE: 9TH DECEMBER, 2014**

**TIME: 2.00 P.M-5.00 P.M**

**Instructions:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE**

1. Explain briefly the historical development of money. (7 marks)
2. Discuss the objectives of monetary policy. (4 marks)
3. Give a critical evaluation on the functions/roles of the money lenders. (9 marks)
4. Briefly explain the organization of the Central Bank of Kenya. (5 marks)

**QUESTION TWO**

Describe the various principles that are supposed to guide the commercial banks in effecting their function of lending. (15 marks)

**QUESTION THREE**

1. Explain the different parties that are involved in an endorsement. (4 marks)
2. Describe the qualities of money. (4 marks)
3. Explain the functions of the monetary policy committee of the Central Bank of Kenya. (7 marks)

**QUESTION FOUR**

1. Differentiate between a bailor and a bailee. (2 marks)
2. The relationship between banker and customer is to confidential, but there are certain times when maintaining secrecy is not necessary. Explain the instances where compulsory disclosure is necessary. (13 marks)

**QUESTION FIVE**

1. Explain the various financial documents used in international trade by different players. (7 marks)
2. State the duties and rights of a banker. (8 marks)

**QUESTION SIX**

1. Describe the various kinds of money. (5 marks)
2. i. Describe the procedures for selecting personal representatives as the administrators of a deceased’s state. (6 marks)
3. Explain the duties the administrators undertake. (4 marks)