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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN BANKING AND FINANCE
DBF 1104: MONETARY THEORY AND FINANCIAL SYSTEMS

Date: 18TH APRIL 2023

Time: 8:30AM-10:30AM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Explain the meaning of the term capital markets (2 Marks)
- b) Explain three functions of money (6 Marks)
- c) Highlight three effects of an efficient financial market on the economy (6 Marks)
- d) Explain any four roles of the Capital markets Authority in Kenya (6 Marks)
- e) Differentiate between money market and capital market (6 Marks)
- f) Differentiate between common stock and preferred stock (4 Marks)

QUESTION TWO (20 MARKS)

- a) What are the types of Treasury bonds issued by Government of Kenya (8 Marks)
- b) Differentiate between a futures and forward contract (8 Marks)
- c) Discuss the importance of financial intermediaries in the economy (4 Marks)

QUESTION THREE (20 MARKS)

- a) Discuss in details four roles of the stock exchange in economic development (8 Marks)
- b) Explain four advantages obtained by firms listed on the Nairobi securities exchange (8 Marks)
- c) Identify any four money market instruments (4 Marks)

QUESTION FOUR (20 MARKS)

- a) Explain four types of accounts you can open in a commercial bank (8 Marks)
- b) Discuss in detail four roles of the financial system in the economy (8 Marks)
- c) Differentiate between defined benefit and defined contribution pension plans (4 Marks)

QUESTION FIVE (20 MARKS)

- a) Explain any four objectives of the international monetary fund (IMF) (8 Marks)
- b) Briefly describe offshore banking (4 Marks)
- c) Describe any four importance of financial Derivatives in financial markets (8 Marks)