



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikwe Express Way, Jabi-Abuja
Faculty of Management Sciences
2020_2 EXAMINATION

Course Code: MBF 833

Credit Unit: 3

Course Title: MONEY AND BANKING

Time Allowed: 2¹/2HRS

Instructions:

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

(1a). The evolution of money has passed through different stages depending on the progress of human civilization at different times and places. Discuss the Commodity money stage. **(10marks)**

(1b). Barter system is an inconvenient method of exchange. It involves loss of much time and effort on the part of people in trying to exchange goods and services. Discuss five (5) of the major difficulties associated with the Barter system of exchange. **(2mark each for 5points=10mark)**

(1c). Money plays both static and dynamic roles. Clearly identify five (5) of the dynamic roles of money in a developing economy such as Nigeria. **(1mark each for 5 points =5marks)**

(2a). Money in current use worldwide has to have certain qualities or properties to be able to perform its functions unhindered. Discuss six (6) major characteristics of money **(9marks)**

(2b) Money also performs certain contingent or incidental function. Clearly identify three of these functions **(2marks each for 3 correct points= 6 marks)**

(3a). Discuss the transactive motive of holding money according to Keynes **(10 marks)**

(3b). Explain the concept of Financial Dualism in an economy = **(5 marks)**

(4a) There are different approaches to the concept of money supply. Explain the modern view of Money supply in an economy. **(10 marks)**

(4b) Delineate between the Traditional approach and the modern approach to money supply in an economy. **(5marks)**

(5a) Inflation is the result of disequilibrium between demand and supply forces. Discuss five (5) major factors responsible for increase in aggregate demand for goods and services in developing economies. **(10marks)**

(5b) Commercial banks perform a variety of functions in an economic system. Discuss the Agency function of a commercial bank in Nigeria **(5marks)**

(6a). In contrast to commercial banks which operate on retail basis, a merchant bank is a wholesale bank which performs some assigned financial services. Discuss the three (3) major corporate finance services of a merchant bank. **(9marks)**

(6b) Virtually all countries of the world, banking industry is more regulated than any other sectors of the economy. In fact, Banking is regulated from the cradle to the grave. Adduce three (3) strong reasons for the regulation of the banking sector of the economy. **(6marks)**