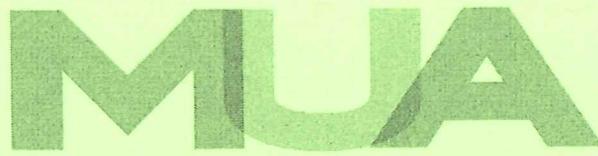


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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP**

**BML 211 : MONEY AND BANKING**

**DATE: 29<sup>TH</sup> JULY 2024**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

**QUESTION ONE**

**Read the Case Study below carefully and answer the questions that follow:**

**MONEY AND BANKING: THE CASE OF UGANDA.**

Uganda, located in East Africa, has experienced significant developments in its financial sector, particularly in the realm of money and banking. The country's economy has shown resilience and growth, and its banking system plays a pivotal role in supporting economic activities.

The Bank of Uganda (BoU) serves as the central bank and regulator of the financial sector. It plays a crucial role in formulating and implementing monetary policy, ensuring stability in the financial system, and fostering economic growth. The BoU oversees commercial banks, microfinance institutions, and other financial entities, enforcing regulations to maintain the integrity and soundness of the banking sector.

Uganda has made significant strides in promoting financial inclusion, recognizing the importance of providing access to financial services for all segments of the population. The government, in collaboration with financial institutions, has implemented initiatives to increase banking penetration, especially in rural areas. Mobile money services have played a transformative role, offering convenient and accessible financial solutions to the unbanked population.

The expansion of the banking sector in Uganda has positively influenced economic development. Increased access to financial services has empowered individuals and businesses, facilitating savings, investments, and entrepreneurial activities. The availability of credit has fueled economic growth, supporting sectors such as agriculture, manufacturing, and small-scale enterprises.

Despite the progress, challenges persist. Issues such as limited infrastructure in remote areas, low financial literacy, and cybersecurity threats pose hurdles to the full realization of the potential benefits of a robust banking system. Additionally, exchange rate volatility and external economic factors impact the stability of the financial sector.

**Required:**

- a) Describe five roles The Bank of Uganda (BoU) plays in shaping monetary policy and ensuring the stability of the financial system in the country (10 Marks)
- b) Discuss various methods that show financial inclusion initiatives have been effective in Uganda and the challenges that still need to be addressed (10 Marks)
- c) Assess five ways the growth of the banking sector in Uganda has influenced economic development (5 Marks)

**QUESTION TWO**

- a) Describe five principles endorsed by Islamic finance (10 Marks)
- b) Commercial banks have contributed to the advancement of economic development in the East African region. Discuss (5 Marks)

**QUESTION THREE**

- a) Explain five functions performed by deposit insurance corporations (10 Marks)
- b) Elaborate the following terms within the context of money and banking
  - i. Interest rate (1 Mark)
  - ii. Liquidity rate (1 Mark)
  - iii. Fractional reserve banking (1 Mark)
  - iv. Inflation (1 Mark)
  - v. Collateral (1 Mark)

**QUESTION FOUR**

- a) Assess five negative effects of inflation (10 Marks)
- b) Analyze five types of pre-established information in the financial market (5 Marks)

**QUESTION FIVE**

- a) Evaluate five crucial functions of currency in the economy (10 Marks)
- b) Outline five factors influencing forex rates (5 Marks)

**QUESTION SIX**

- a) Examine five criticisms of deposit protection (10 Marks)
- b) Describe five primary investment instruments within the framework of Islamic finance (5 Marks)

