



QUESTIONS ON TOPIC

PAPER 2

1. Explain five functions of the central bank of Kenya.
2. Describe four measures that the government may put in place to reduce the amount of money in circulation.
3. Explain five services offered by commercial banks to their customers.
4. Explain five ways in which commercial banks facilitate payment on behalf of their customers
5. Explain four services that the central bank of Kenya may offer as a banker to commercial banks.
6. Explain five ways in which banks contribute to the development of Kenya .
7. Outline five reasons why banks currently account is popular with traders
8. Explain service offered to commercial banks by the central bank of Kenya
9. In what ways of the functions of commercial bank differ with those of non- bank financial institutions
10. Explain five ways in which central bank of Kenya may control the supply of money in the country
11. Describe methods which may be used by commercial banks to advance money to customers.
12. A businessman wishes to obtain a loan from a commercial bank. Highlight the
13. Conditions that he should satisfy before the bank can grant him the loan
14. Explain five services that the central bank of Kenya offers to commercial banks
15. Explain four disadvantages of using a bank overdraft as a source of finances
16. Describe four ways in which a non- bank financial institutions differ from the commercial banks
17. Discuss five reasons why business people prefer to operate bank current accounts
18. Outline the benefits that bank customer gets from operating a current account
19. Explain the 5 services offered by a commercial banks to their customers



PAPER 1

20. Give four advantages of barter trade.
21. Highlight four services offered by the central bank of Kenya to the commercial banks.
22. State four methods through which commercial banks can transfer money.
23. State any four current developments that have taken place in the banking sector.
24. Outline four tools of monetary policy used by the central bank to control money supply.
25. Outline four factors that may have led to the downfall of barter trade.
26. Highlight two factors that may influence:
 - a. Transaction motive.
 - b. Speculative motive.
27. Mention four functions of commercial banks in an economy.
28. Outline three factors that influence the supply of money.
29. Give four characteristics of money.
30. The following are some of the accounts available to customers in Kenya banking industry: Current account, Savings account and Fixed deposit account. Give the account that corresponds to each of the description given below.

| | Description | Type of account |
|-----|--|-----------------|
| (a) | Account holders required to deposit a specific initial amount as well as maintaining a minimum balance. | |
| (b) | Account holders may deposit and withdraw money whenever they want without maintaining a minimum balance. | |
| (c) | Banks pay interest on deposit at comparatively higher rates. | |
| (d) | Money may be deposited at any time and interest is earned if a specific balance is maintained. | |

31. Outline four benefits that accrue to a customer who uses automated teller machine (ATM) banking services.

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