



THE CO-OPERATIVE UNIVERSITY OF KENYA

END OF SEMESTER EXAMINATION DECEMBER -2022

EXAMINATION FOR THE DEGREE OF BACHELOR OF **COMMERCE
(YR IV SEM II)**

UNIT CODE: HCOB 2102

UNIT TITLE: PRINCIPLES OF BANKING

DATE: TUESDAY, 13TH DECEMBER, 2022

TIME: 2:00 PM – 4:00 PM

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INSTRUCTIONS:

- **Answer question ONE (compulsory) and any other TWO questions**

QUESTION ONE

- a) Give four factors that led to the collapse of the East Africa Currency Board (EACB) (8 Marks)
- b) Discuss six functions of commercial banks (6 Marks)
- c) What purpose does money laundering serve (4 Marks)
- d) Discuss six core functions the central bank of Kenya serves (12 Marks)

QUESTION TWO

- a) List and explain four negotiable instruments (8 Marks)
- b) Discuss five qualities of money (5 Marks)
- c) List seven legal legislations governing the banking and financial industry in Kenya (7 Marks)

QUESTION THREE

- a) Discuss the three distinct stages in evolution of commercial banking (6 Marks)
- b) Discuss four functions of money (4 Marks)
- c) Discuss the products and services offered by banks (10 Marks)

QUESTION FOUR

- a) Discuss five institutions Kenya banking sector is comprised of (10 Marks)
- b) What is the name of the first locally incorporated bank (2 Marks)
- c) Discuss six types of cheques (6 Marks)
- d) Define barter trade (2 Marks)

QUESTION FIVE

- a) Discuss how the porters five forces of competition apply in the banking industry (10 Marks)
- b) Discuss a historical background of the banking and financial services in Kenya (10 Marks)