



ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: HUMANITIES
DEPARTMENT: ACCOUNTING AND FINANCE
FIRST SEMESTER EXAMINATIONS
2014/2015 ACADEMIC SESSION

COURSE CODE: BFN 201

COURSE TITLE: INTRODUCTION TO MONEY AND BANKING

TIME ALLOWED: TWO HOURS THIRTY MINUTES

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HOD's SIGNATURE

ANSWER ANY FIVE QUESTIONS

1. a. What is commodity money?
b. What is fiat money?
c. Which kind of money do we use in Nigeria? Fully discuss these issues.
2. Discuss extensively the three functions of money in the Nigeria business environment. **(12 Marks)**
3. a. Assume that the Banking system has total reserves of N100million. Assume also that the required reserves are 10 percent of current deposits, and that banks hold on excess reserves and household hold no currency.
b. i. What is the money multiplier?
ii. What is the money supply?
iii. If the CBN now raise required reserves to 20 percent of deposits.
a. What is the change in reserves?
b. What is the change in the money supply? **(12 Marks)**
4. The Central Bank has three primary tools for affecting the reserves of depository institutions. What are the tools? Discuss each of them extensively. **(12 Marks)**
5. Each independent Country in West Africa has its own Central Bank. What are the major functions of the Nigerian Central Bank? Discuss each function exhaustively. **(12 Marks)**
6. Write short notes on the following terms:-
 1. Surplus units
 2. Deficit units
 3. Regulatory Authorities
 4. The community
 5. The shareholders
 6. Discount rate
 7. Re-financing Rate.**(12 Marks)**
7. Which definition of money supply, M_1 or M_2 is most appropriate if the most important function of money is its role as a medium of exchange? Why? **(12 Marks)**