



ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

**FACULTY: HUMANITIES, SOCIAL & MANAGEMENT SCIENCES
DEPARTMENT OF ACCOUNTING & FINANCE.**

FIRST SEMESTER EXAMINATIONS 2020/2021 ACADEMIC SESSION

COURSE CODE: BFN 201

COURSE TITLE: INTRODUCTION TO MONEY AND BANKING

DURATION: 2 HOURS.

INSTRUCTION: Attempt section A and any other two (2) Questions in section B

SECTION A

1. The commencement of commercial banking in Nigeria started in
 - A. 1892
 - B. 1894
 - C. 1952
 - D. 1794
 - E. 1984
2. The process where a bank write to each other to find out information relating to credit worthiness of a customer and whether it is safe or not for the bank or its customers to transact business with a third party using another bank is called
 - A. Provision of bank guarantee on request
 - B. Discount bill of exchange
 - C. Provision of investment advice
 - D. Responding to status enquiries
 - E. Brokerage and underwriting services
3. The followings are the functions of money except -----
 - A. Legal lender
 - B. Medium of exchange
 - C. Store of value
 - D. Measure of value
 - E. Standard of deferred payment

4. This problem arises from the fact that a person willing to exchange goods for another item

A. Loss of resources

B. Double coincidence of wants

C. Absence of uniform standard

D. Inability to settle future bills

E. B & D

5. Another name for near money is called

A. Commodity money

B. Token money

C. Quasi money

D. Bank money

E. None of the above

6. ----- money does not need to be physically seen or represented by a particular commodity, but a transfer of funds from one source to another

A. Near

B. Quasi

C. Bank

D. Commodity

E. Token

7. ----- depends on what it can acquire in exchange for itself

A. Money creation

B. Quality of money

C. Value of money

D. Purpose of money

E. B & C only

8. ----- function of banks is perhaps one of the most significant and the oldest service of banks

A. Money creation

B. Quality of money

C. Value of money

D. Purpose of money

E. None of the above

9. ----- states that a change in the quantity of money will result in an equivalent change in the general price level in an economy

A. Investment theory

B. Quantity theory of money

C. Keynesian Theory

D. Monetarist theory

E. None of the above

10. ----- is to place a limit on all commercial and merchant banks' total credit to the private sector

A. Open market operation

B. Aggregate credit ceilings

C. Reserve requirement

D. Statutory reserves

E. Liquidity ratio

11. The monetary policy rate (MPR) in Nigeria is presently at

A. 13.5%

B. 12.5%

C. 11.5%

D. 12%

E. 14%

12. The specified liquid assets acceptable for inclusion for the purpose of calculating liquidity ratios are the following except

A. Vault cash

B. Balance with CBN

C. Money at call

D. Treasury bills

E. Specified cash reserve

13. The financial system comprises of the following except

A. Banking sector

B. Banking sub-sector (Non-banking sector)

C. Financial market

D. Nigerian stock exchange

E. A & C only

14. One of the following is the service provided by commercial banks

A. Management of foreign reserves

B. Loan syndication

C. Money management

D. Share registration

E. Management of public debts

15. The historical background of money shows that cigarettes is used as a medium of exchange

A. True

B. False

2 marks @ 15 options = (Total: 30 marks)

SECTION B

1. The Central Bank of Nigeria (CBN) as a credit control agency of the federal government uses some financial weapons to achieve this unavoidable objectives. Briefly discuss these weapons. **(15 marks)**

2a. Discuss the roles of financial market in the economy of Nigeria **(12 marks)**

2b. Highlight three (3) objectives of International Monetary Funds (I.M.F) **(3 marks)**

(Total: 15 marks)

3. Highlight the services provided by Central Bank of Nigeria (CBN), merchant bank and a commercial bank with their differences. **(15 marks)**