



*“Investing in Africa’s future”*

**COLLEGE OF BUSINESS PEACE LEADERSHIP GOVERNANCE (CBPLG)**

**MEC205: MONEY AND BANKING**

**END OF SECOND SEMESTER FINAL EXAMINATIONS**

**NOVEMBER 2019**

**LECTURER: MR. GABRIEL MUZAH**

**DURATION: 3 HRS**

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**INSTRUCTIONS**

The Paper contains **4 Questions**

Answer **all questions**.

DO NOT repeat material.

Write legibly. Write your answer clearly. Use numbered headings or subheadings to show which part of your answer refers to which question. Example: Question 2 (a)



### **Question One**

While prostitution has long been regarded as the first profession and lawyers as close second, the banking profession is clearly third oldest known to humankind. Can you discuss your understanding of money and the evolution of banking?

**[Total 25 Marks]**

### **Question Two**

- a) With the aid of a diagram showing the flow of funds through the financial system can you compare and contrast direct and indirect finance? **[10 Marks]**
- b) Discuss in detail how financial intermediaries deal with the information asymmetry problem? **[10 Marks]**
- c) How does regulation increase information to investors? **[5 Marks]**

**[Total 25 Marks]**

### **Question Three**

The mid-term Zimbabwe Monetary Policy Statement presented on 13 September 2019 came at a time when the country is implementing a number of policy reforms to strengthening fiscal sustainability, reducing inflation and promoting a flexible exchange system and laid the foundation for sustainable private sector-led economic transformation. Can you discuss the proposed policy tools that will be used to guide the Bank's monetary policy operations?

**[25 Marks]**

### **Question Four**

- a) What is a cryptocurrency and how did it emerge as a side product of digital cash? **[5 Marks]**
- b) With reference to a specific cryptocurrency can you discuss its revolutionary transactional and monetary properties? **[20 Marks]**

**[Total 25 Marks]**

**END OF EXAM**