

MONEY, BANKING AND FINANCE

Answer four questions only

- 1. (a)** Clearly differentiate between exogenous money supply and Endogenous money Supply. **(05 marks)**
(b) Examine the factors that may affect the supply of money in an Economy. **(20 marks)**

- 2. (a)** Given that a commercial bank maintains a uniform cash ratio of 0.5% and it receives a new deposit of Shs 1,000,000. Calculate the total credit created in the banking system. **(07marks)**
(b) It has been realized that many Ugandans are in a financial crisis and its alleged that this is because there is limited money in circulation. How can bank of Uganda through commercial banks avert this Crisis? **(18marks)**
- 3 a)** Explain the Quantity theory of money while highlighting its assumptions. **(10 marks)**
b) Account for the high rate of liquidity preference in developing countries. **(15 marks)**
- 4 a)** Describe the methods used by commercial banks to transfer money for their clients. **(15marks)**
b) How do commercial banks achieve their objective of liquidity? **(10 marks)**

- 5 a)** Advance the theories to be considered when assessing and collecting taxes. **(10 marks)**
b) You have been recruited by URA as a field officer to collect information on tax payers' opinions about the new social media tax. Most of the tax payers are saying they will continue enjoying the social media services irrespective of the increase in the social media tax. Using clear illustrations, explain how this tax will be shared between the service providers and tax payers. **(15 marks)**

- 6 a)** Describe the contribution of Non-banking financial intermediaries in the economic development of your country. **(13 marks)**
b) Explain the challenges faced by capital markets in Uganda. **(12 marks)**

END