

# **UGANDA MARTYRS UNIVERSITY**

## **RUBAGA AND NKOZI**

**FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT**

**SUPPLEMENTARY/SPECIAL EXAMINATION**

**COURSE NAME: MONEY, BANKING AND PUBLIC FINANCE**

**COURSE CODE: 3106;**

**ACADEMIC YEAR: 2015/16, SEMESTER: TWO, YEAR OF STUDY: THREE**

**DATE: 26<sup>th</sup> August, 2016**

**Time allowed: 3 hours (9:30 AM to 12:30 PM)**

### **INSTRUCTIONS TO CANDIDATES:**

Read the following before answering the examination questions.

- 1) Answer any **FOUR** questions
- 2) Write legibly
- 3) Relevant examples attract more marks
- 4) Do not write anything on this question paper.
- 5) Read additional instructions on the answer booklet

### **QUESTION ONE**

- a) Although there is intense competition in the insurance market, there are many areas in which the players can cooperate. Discuss the objectives of the Uganda Insurers Association (UIA) and the Insurance Institute of Uganda (IIA) **(20 Marks)**
- b) Briefly explain any five persons who provides various types of services to the insurance industry **(5 Marks)**

### **QUESTION TWO**

- a) Financial markets are the main contributor to the economic development of developed economies. With your knowledge of financial markets in Africa, highlights the importance of financial markets to the developing economies like Uganda. **(15 Marks)**
- b) With the emphasis from the Uganda Securities Exchange, explain the factors why the financial market in Uganda is not doing well in attracting many players into the market for better economic development of Ugandan economy. **(10 Marks)**

### **QUESTION THREE**

- a) Briefly elaborate the functions of the Central Bank. **(8 Marks)**
- b) As Chief Economist in charge of monetary policy from Bank of Uganda, Advise the market players on different forms of non-market instruments used by modern economies like US, EU and UK **(8 marks)**
- c) Distinguish between the expansionary and restrictive monetary policies while highlighting their weaknesses to the Economy **(9 marks)**

### **QUESTION FOUR**

- a) With relevant examples, explain the role of non-banking financial institutions in Uganda **(16 Marks)**
- b) In detail, discuss the three types of development banks that exist in Uganda and their role to the Ugandan Economy **(9 Marks)**

### QUESTION FIVE

- a) Distinguish between money markets and capital markets with relevant examples from Uganda (10 Marks)
- b) Discuss the advantages of deposit Insurance to the commercial banks (5 marks)
- c) Briefly explain the purpose Open Market Operations (OMO) in Uganda (5 marks)
- d) Elaborate the additional monetary tools mostly used during the financial crisis (5 marks)

### QUESTION SIX

- a) During the parliamentary orientation of the newly elected Members of Parliament of Uganda expressed interests to be educated on public finance and budgeting processes such that they are able to play their role of oversight, representation and law making. As a Budget advisor from the Parliamentary Budget office of the Parliament of Uganda, Advise the MPs the scope of public finance and its relevance in the budgeting process. (15 marks)
- b) In brief, discuss the characteristics of money while depicting examples from the Uganda Currency (Uganda Shillings) (10 marks)

**End of Paper: Good Luck**