1. A major defect associated with the barter system of trading was
2. Difficulty in medium of exchange
3. Acceptability problem
4. The issue of double coincidence of wants
5. Ease in divisibility
6. Taking two five-cedi notes, they must be of the same size and features. What feature of money is described here?
7. Homogeneity
8. General acceptability
9. Liquidity
10. Not easily counterfeited
11. Which of the following institutions in Ghana accepts deposits for lending purposes?
12. The central bank
13. The government
14. Commercial bank
15. A and c are correct
16. Giving permission to withdraw money by amount more than what you have deposited is known as
17. Repo
18. Overdraft
19. Bill of exchange
20. Certificate of deposit
21. Which of the following institutions has the right to issue notes?
22. The central bank
23. Commercial banks
24. Investment banks
25. Development banks
26. Which of the following is not a function of the central bank?
27. Banker to the government and banks
28. Supply and control of money
29. Issuing of notes
30. None of the above
31. Which of the following is the correct order of money evolution?
32. Commodity money, metal money, paper money, credit money
33. Commodity money, metal money, paper money, credit money
34. Credit money, metal money, paper money, credit money
35. None of the above
36. All the following are secondary functions of money except
37. Medium of exchange
38. Store of value
39. To make deferred payments
40. None of the above
41. Money helps us to measure the values of goods for comparison. In other words, prices are quoted in terms of money. For this reason, money functions as
42. A store of value
43. A medium of exchange
44. Standard of deferred payments
45. A unit of account
46. Commodity money is different from fiat money because commodity money has
47. Legal backing
48. No intrinsic value
49. No store values
50. Intrinsic value
51. Which of the following assets is the most liquid?
52. Bonds
53. cheques
54. Cash
55. Money in your mobile money account
56. Legal tender monies
57. Have legal sanctions behind It by the government
58. Have no intrinsic value
59. Are also referred to as token money
60. All of the above
61. Which of the following statement concerning commercial banks is true?
62. Banks need to maintain cash reserves equal to their deposits
63. Most banks maintain cash reserves equal to a fraction of deposits
64. Cash reserves earn the highest rate of returns of any asset for a bank
65. Since the advent of micro finance, banks do not need to maintain cash reserves
66. Which of the following is a way by which commercial banks create money?
67. By printing additional currency notes
68. By paying interest on their deposits
69. By making loans that result in additional deposits
70. By offering financial services such as money market accounts
71. Under a barter system, if a farmer grows corn and has a craving for yam, he has to find a yam farmer with the taste of corn, this problem of barter system is known as:
72. Problem of divisibility
73. Problem of measurement
74. Problem of dual exchange transaction
75. Double coincidence of wants
76. Which of the following functions of money will be mostly violated if inflation is high?
77. Store of value
78. Unit of account
79. Medium of exchange
80. Certificate of gold
81. As interest rate rises, people hold \_\_\_\_\_\_\_\_ money instead of bonds because the opportunity cost or holding money has \_\_\_\_\_\_\_\_.
82. less; risen
83. more; risen
84. more; fallen
85. less; fallen
86. The following are all assets to a bank except
87. Certificate of deposits
88. Reverse repos
89. Bills of exchange
90. Market loans
91. The process whereby banks are able to lend for longer periods of time than they borrow is termed as
92. Risk management
93. Maturity transformation
94. Wholesale banking
95. Money creation
96. Customers’ deposits in banks are actually \_\_\_\_\_\_\_ to the banks
97. assets
98. Credits
99. Liabilities
100. Income
101. Which of the following is not an asset to a bank?
102. Loans to firms
103. Customers’ deposits in the bank
104. The bank’s deposit with the central bank
105. Loans to private individuals
106. Which of the following is neither a retail bank nor a wholesale bank in Ghana?
107. Bank of Ghana
108. Ghana commercial bank
109. Fidelity bank
110. Ecobank
111. Retail banks are different from wholesale banks mainly because retail banks’
112. Deposits and lending are relatively small in value
113. Dealings are normally with large corporations and organizations
114. Branches are usually fewer compared to wholesale banks
115. A and C are correct
116. Which of the following is not a function of the bank of Ghana?
117. Issuing of notes
118. Acting as a bank to the government and other banks
119. Operating the government’s monetary policies
120. Accepting deposits from and lending to the general public
121. The ease with which an asset can be converted into cash without a loss refers to how \_\_\_\_ that particular asset is
122. Profitable
123. Essential
124. Liquid
125. Stable
126. The monetary base is also known as
127. M2
128. High-powered money
129. M0 + M1
130. Reserve ratio
131. Which off the following is not a near money?
132. Paper notes
133. Treasury bills
134. Bond
135. Bill of exchange
136. Which of the following banks in Ghana is considered as lender of last resort to all other banks?
137. Ghana commercial bank
138. Agriculture Development bank
139. National investment bank
140. Bank of Ghana
141. Which of the following deposits gives the highest rate of interest?
142. Current deposits
143. Fixes deposits
144. Recurring deposits
145. A and B are correct
146. The ratio of the total deposits that all other banks have to keep with the Bank of Ghana is called
147. Statutory liquidity ratio
148. Deposit ratio
149. Cash reserve ratio
150. Legal reserve ratio
151. Banks and other institutions that act as a link between those who have funds to lend and those who want to borrow money are referred to as
152. Commercial banks
153. Financial intermediaries
154. Financial banks
155. Retail banks
156. Paper notes and coins in circulation outside the Bank of Ghana defines Ghana’s
157. Monetary base
158. Reserve ratio
159. Broad money
160. Liquidity
161. Assume that the total deposits with Fidelity bank, a commercial bank in Ghana, is GH¢20,000. If it is required that Fidelity bank holds Gh¢4,000 with the Bank of Ghana, then
162. the reserve ratio is GH¢ 20%
163. the liquidity ratio is 80%
164. the reserve ratio is Gh¢16,000
165. the reserve ratio is 80%
166. From question 34, the money multiplier will be
167. 0.2
168. 0.8
169. 5
170. 1.25
171. Nana Akua is the head of Bank of Ghana and wants to reduce the supply of money in the economy. Which of the following is she likely to do?
172. Decrease the required reserve ratio
173. Buy government securities in the open market
174. Increase the required reserve ratio
175. A and B are both correct

Use the information in the following account for a bank to answer questions 36 to 40.

Assets Liabilities

Reserves Gh¢ 500 Gh¢ 3,500 Deposits

Loans 3,000

**The required reserve ratio is 10%.**

1. How much is the bank required to hold as reserves given its deposits of Gh¢3,500?
2. Gh¢3,150
3. Gh¢500
4. Gh¢ 3,000
5. Gh¢350
6. By how much can the bank increase its loan?
7. Gh¢3,150
8. Gh¢500
9. Gh¢ 150
10. Gh¢350
11. From the information provided, the total amount of money the bank can create from the initial deposits of Gh¢3,500 if it decides not to hold excess reserves will be
12. Gh¢3,150
13. Gh¢3,500
14. Gh¢ 35,000
15. Gh¢350
16. For every Gh¢1 increase in reserve, we expect deposits to increase by
17. 0.9
18. 0.1
19. 1
20. 10
21. The money multiplier in this case will be
22. 0.9
23. 0.1
24. 1
25. 10
26. If you decide to hold more money now because you anticipate a lockdown in the next few weeks due to an outbreak of a very deadly disease, then your motive for demanding money is
27. Speculative
28. Transitionary
29. Precautionary
30. A and C are correct.
31. If you increase your demand for money to meet future uncertainties, your motive for demanding money is
32. Speculative
33. Transitionary
34. Precautionary
35. All of the above
36. The demand for money in liquid form either for transitionary or precautionary purposes is generally referred to as
37. Quantity theory of money
38. Liquidity of money
39. Equilibrium demand for money
40. Liquidity preference
41. All of the following may affect the transitionary and precautionary demand for money except
42. The frequency with which people are paid
43. The rate of interest
44. Availability of other forms of holding money like debit cards and credit cards
45. Nominal national income
46. None of the above
47. Which of the following economic school of thoughts argue that the supply of money is somehow dependent on the rate of interest?
48. The classicals
49. The neo-classicals
50. The Keynesians
51. The mercantilists
52. The opportunity cost of holding money other than other assets is the rate of returns the other assets would have given the person.
53. False
54. True
55. Considering the speculative motive for holding money, if security prices are anticipated to fall or exchange rate to rise
56. People will hold more money balances
57. People will hold less money balances
58. The demand for money will not change
59. None of the above
60. An increase in demand for money with no corresponding change in the supply of money
61. Will cause the equilibrium interest rate to fall
62. Will cause the equilibrium interest rate to rise
63. Will cause the domestic currency to depreciate
64. All of the above
65. Which of the following statements is definitely true?
66. The higher the interest rate, the lower the opportunity cost from holding money and the less money people will want to hold.
67. An increase in the interest rate increases the demand for money
68. The lower the interest rate, the higher the opportunity cost of holding money and the more money people will want to hold
69. The higher the interest rate, the higher the opportunity cost from holding money and the less money people will want to hold
70. Which of the following statements is not entirely true?
71. The interest rate is negatively related to bond prices
72. Because inflation causes money to be worth less, demand for money declines during inflation periods
73. When nominal income increases, the demand for money increases. As a result, households hold more money and the supply of money expands
74. The demand for money and the supply of money are inversely related.

**Answers**

1 C 10 D 19 B 28 D 37 C 46 B

2 A 11 C 20 C 29 D 38 C 47 A

3 C 12 D 21 B 30 D 39 D 48 B

4 B 13 B 22 A 31 B 40 D 49 D

5 A 14 C 23 D 32 A 41 A 50 D

6 D 15 D 24 D 33 A 42 C

7 A 16 A 25 C 34 C 43 D

8 A 17 A 26 B 35 C 44 E

9 D 18 A 27 A 36 D 45 C