



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja**  
**Faculty of Management Sciences, Department of Financial Studies**  
**October/November Examination 2016**

**COURSE CODE: MBF833**

**COURSE TITLE: MONEY AND BANKING**

**CREDIT UNIT: 3**

**TIME ALLOWED: 2 HOURS 30 MINUTES.**

**Instructions:**

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

**1a.** The origin of money has been through various stages from Commodity Money up to Near Money stage. What does Near Money entail? State five stages of evolution of money.

**1b.** Recently, Nigerian economy has tumbled into the hyperinflationary abyss. As a Financial Analyst explain the concept of Hyperinflation.

**1c.** Direct Control measure of Inflation suffers some observed limitations. Briefly explain five of such limitations.

**2a.** Discuss the traditional and monetarist approaches of money supply.

**2b.** Discuss succinctly the concept of Financial Dualism. (let each point be stated in a paragraph).

**3a.** Bank rate policy has not been adjudged to be very effective in controlling credit in Less Developed Countries (LDCs) due to some lapses: Discuss five of such lapses.

**3b.** Development Banks are consciously created by governments and as such do not emerge on their own. In the light of this, briefly discuss three rationale behind the establishment of Development banks in Nigeria as held by Nwankwo (1980).

**(4a)** Write short note on the term “Velocity of Money”

**(4b)** Adduce seven reasons in favour of price stability in Nigeria

**(5a)** Banks do not possess unlimited powers to create credit. State five limitations suffered by Commercial banks in a bid to create credit.

**(5b)** Discuss succinctly five objectives of Credit control.

**(6a)** State five(5) functions of Nigerian Deposit Insurance Corporation.

**(6b).** Although Banks with commercial banking License in Nigeria has three categorizations yet they perform similar functions. State five of these functions?