



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 1 EXAMINATION**

COURSE TITLE: MONEY AND BANKING
COURSE CODE: ECO 444
CREDIT UNITS: 2 UNITS
TIME ALLOWED: 2 HOURS
INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO (2) QUESTIONS

QUESTION ONE

- 1a. What do you understand by the term money? (2 marks).
- 1b. Discuss 6 of the static role of money in the economy. (18 marks).
- 1c. Describe five characteristics of a good money. (10 marks).

QUESTION TWO

- 2a. Distinguish between the Fishers equation of exchange and the Cambridge approach to demand for money. (8 marks).
- 2b. Explain James Tobin's risk aversion theory of liquidity preference. (12 marks).

QUESTION THREE

- 3a. Distinguish between a central bank and a commercial bank in Nigeria. (5 marks).
- 3b. Discuss the main sources of fund available to a merchant bank. (15 marks).

QUESTION FOUR

- 4a. Distinguish between spot market and forward market of foreign exchange market. (5 marks).
- 4b. What are the causes of changes in the equilibrium exchange rate? (15 marks).