



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2025_2 EXAMINATIONS**

COURSE TITLE: ADVANCED MONETRAY ECONOMICS
COURSE CODE: ECO 717
UNITS: 2
TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS.

QUESTION ONE

1a. Given an initial deposit of ₦1,000 and reserve ratio of 10%, discuss the process of money (credit) creation by commercial banks. **(15 Marks)**

1b. What is monetary policy? List four (4) goals of monetary policy and discuss those. **(15 Marks)**

QUESTION TWO

2a. With the aid of a well-illustrated graph discuss monetary equilibrium. **(14 Marks)**

2b. Discuss Open Market Operations (OMO) as a quantitative tool for monetary policy. **(6 Marks)**

QUESTION THREE

3a. Make a distinction between nominal and real money supply **(14 Marks)**

3b. Highlight the three (3) components of balance of payments. **(6 Marks)**

QUESTION FOUR

4a. Identify the definitions of money by four main schools of thought. Discuss any three (3) of them. **(15 Marks)**

4b. Discuss Microfinance Banks **(5 Marks)**

QUESTION FIVE

5a. List and discuss four (4) monetary policy transmission mechanisms **(15 Marks)**

5b. What is the International Capital Market (ICM)? List the three (3) main ways in which the ICM provides medium-and long-term finance **(5 Marks)**