ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL CERTIFICATE

IN

BANKING AND FINANCE

SUBJECT: Fundamentals of Banking and Finance

PAPER NO: 355/S01

MARCH/APRIL 2013 EXAMINATION

REQUIREMENTS

INSTRUCTIONS TO CANDIDATE

Answer any five questions

This paper consists of 3 printed pages.

PAPER NO: 355/S01 – FUNDAMENTALS OF BANKING AND FINANCE

QUESTION 1

As a finance manager of a growing financial institution what sources of finance would you recommend as appropriate to further your expansion? (20 marks)

QUESTION 2

Give a brief explanation of the following terms as used in the banking sector.

(a) clearing system (3 marks)
(b) open market operation (3 marks)
(c) partnership (5 marks)
(d) foreign exchange market (4 marks)
(e) promissory note (5 marks)

QUESTION 3

(a) The economy is moving towards a cashless society; discuss. (15 marks)

(b) Explain the cheque clearing process. (5 marks)

QUESTION 4

Monetary policy making is one of the responsibilities of the central bank. Discuss the various tools of the monetary policy. (20 marks)

QUESTION 5

(a) Compare and contrast the operations and characteristics of private limited companies and public limited companies. (10 marks)

(b) Money is what it does. Explain this phrase. (10 marks)

QUESTION 6

(a) Explain the purchasing power of money as one characteristic of good money. (6 marks)

(b) Identify and explain the various documents handled by banks in Zimbabwe and their functions. (14 marks)

QUESTION 7

(a) Explain the advantages and disadvantages of financing your projects using bank overdrafts. (10 marks)

(b) Explain the functions of finance houses. (10 marks)

QUESTION 8

(a) To what extent has the banking supervision and monitoring caused the Zimbabwean banking sector achieve its goals? (10 marks)

(b) Explain the Zimbabwean currency system. (10 marks)

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