ZIMBABWE

MINISTRY OF HIGHER AND TERTIARY EDUCATION, INNOVATION, SCIENCE AND TECHNOLOGY DEVELOPMENT

HIGHER EDUCATION EXAMINATIONS COUNCIL (HEXCO)

NATIONAL DIPLOMA

IN

BANKING AND FINANCE

SUBJECT: **Principles of Banking** **PAPER NO: 524/15/S01**

DURATION: **3 Hours**

NOVEMBER/DECEMBER 2025 EXAMINATION

REQUIREMENTS

1. Non- programmable calculator

INSTRUCTIONS TO CANDIDATE

1. Answer any five (5) questions.
2. All questions carry equal marks.

PAPER NO: 524/15/S01 –Principles of Banking

QUESTION 1

a) Discuss any five (5) importances of financial intermediation to the Zimbabwean economy. (20marks)

QUESTION 2

a) Explain any two (2) instruments of monetary policy that can be used by the Central Bank to manage money supply in the economy. (10marks)

b) Explain any three (3) forms of market efficiency according to the Efficient Market Hypothesis (10marks)

QUESTION 3

a) Explain the three (3) motives of holding cash by households. (12marks)

b) Explain any four (4) limitations of credit creation. (8marks)

QUESTION 4

a) Assume an investor requires a 5% annualised return on 6 months Treasury bill with a 100 000 zig par value.
Calculate the price of the TB. (8marks)

b) Explain four (4) characteristics of money markets. (12marks)

QUESTION 5

a) Discuss the cash balance approach theory of money. (15marks)

b) Explain the term 'representative money'. (5marks)

QUESTION 6

a) Discuss any five (5) sources of funds that are available for corporations. (20marks)

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