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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATIONS, 2020/2021 ACADEMIC YEAR
THIRD YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

KBA 2307 - INTERNATIONAL PAYMENTS

Date: 11th December, 2020

Time: 8.30am – 10.30am

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Discuss the role of commercial Banks in international trade.
(5 Marks)
- b) Differentiate between balance of trade and balance of payments.
(5 Marks)
- c) Differentiate between a free market economy and a command economy.
(5 Marks)
- d) Explain the theory of liquidity preference as proposed by John Maynard Keynes.
(6 Marks)
- e) With the advent of e-business world commerce has totally changed. Discuss.
(5 Marks)
- f) Discuss any two functions of money in commerce today.
(4 Marks)

QUESTION TWO (20 MARKS)

- a) The new Governor of the Central Bank of Kenya chaired his first Monetary Policy Committee in the first week of July 2015. The committee raised the base lending rate as a means of correcting the loss of value of the Kenya Shilling against the US Dollar (the exchange rate had hit the “psychological” Shs100 mark a few days earlier). Discuss how the government controls money supply in a mixed economy.
(12 Marks)
- b) Explain any four features of money that enable it perform its functions.
(8 Marks)

QUESTION THREE (20 MARKS)

- a) Explain the concept of comparative advantage and absolute advantage in support of international trade. (10 Marks)
- b) Discuss the weaknesses of using the per capita income to compare peoples of different countries. (10 Marks)

QUESTION FOUR (20 MARKS)

- a) Discuss the role of the IMF in the world economic order. (8 Marks)
- b) Discuss the case for protectionism in a developing country like Kenya. (12 Marks)

QUESTION FIVE (20 MARKS)

- a) Discuss the concept of a free trade area. (8 Marks)
- b) Discuss any six general roles of financial intermediaries in an economy. (12 Marks)