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Money and banking

- 1 Which is **not** a function of money?
- A durability
 - B measure of value
 - C medium of exchange
 - D store of value
- 2 Which is **not** a problem of bartering as a medium of exchange?
- A the need for a double coincidence of wants
 - B the need for divisibility
 - C the need for portability
 - D the need for trade and exchange
- 3 Which is **not** a function of a central bank?
- A the facilitation of company growth
 - B the government's bank
 - C the lender of last resort
 - D the sole issuer of bank notes and coins in the country
- 4 Which is a secondary function of commercial banks?
- A accepting deposits
 - B credit creation
 - C making advances
 - D offering internet banking
- 5 Which are **not** functions of a commercial bank?
- A cheque clearance and foreign exchange dealings
 - B internet banking and money transfer facilities
 - C lender of the last resort and bankers' bank
 - D loans and credit creation
- 6 'Money acts as a medium of exchange.' Explain what this means. [4 marks]

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7 Explain **two** reasons why bank notes and coins are used as money.

[4 marks]

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8 Explain **two** functions of a central bank.

[4 marks]

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9 Explain **two** functions of commercial banks.

[4 marks]

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10 In some countries people can pay for goods and services using an app on their smartphone, for example Apple Pay or Android Pay. Discuss whether or not these payment apps are a new form of money.

[8 marks]

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