UGANDA INSTITUTE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY
END OF SEMESTER TWO EXAMINATIONS ACADEMIC YEAR 2025/2026

DEPARTMENT	:	MGT
YEAR OF STUDY	:	ONE
PROGRAM	:	DBFT
COURSE	:	FUNDAMENTALS OF BANKING & FINANCE
COURSE CODE	:	BFT 1201
DATE	:	FRIDAY 26TH, JUNE, 2026
TIME	:	09:00-12:00 HOURS
DURATION	:	3HOURS

INSTRUCTIONS:

i. This paper consists of **TWO** sections, **SECTION A & B**
ii. Answer **FOUR (4)** Questions in all.
iii. Section A is **COMPULSORY)**, Answer any **THREE** questions from **Section B**
iv. Credit will be given for the use of relevant examples and illustrations.
v. Mobile phones are **NOT** allowed in the exam room.
vi. **DO NOT** write anything on this question paper, rough work should be done in the answer booklet and cancelled through.
vii. Start a new number on a new fresh page.

SECTION A: (THIS SECTION IS COMPLSORY)

Question One

a) **Indicate True or False on the following statements;** *(10 Marks)*

i. Medium of Exchange is a quality of good money _____

ii. Storability is a function of money_____

iii. Money Fuels Our Dreams and Goals is one of its importance_____

iv. Store of Value is a function of money_____

v. Standard of Value is one of advantages of money _____

b) **Choose the MOST appropriate answer from the following MCQs;** (10 Marks)

i) **The following go together except_____**

a) General acceptance
b) Divisibility
c) Meets Our Basic Needs
d) Durability

ii) **Find the odd man out among the following**

a) Maintain stable value over time
b) Recognizable units that are easy to counterfeit
c) Possess uniformity
d) Elastic enough to expand

iii) **Identify the item that doesn't belong to the group**

a) Currency Issuance
b) Financial Stability
c) Provides Financial Freedom
d) Reserve Management

iv) **Choose the option that is different from others**

a) Encourages Consumerism
b) Facilitates Exchange
c) Standard of Value
d) Store of Value

v) **Which one is the exception among the following**

a) Financial System Stability
b) Price fixation
c) Maximum Employment
d) External Balance

c) Ruhesi wants to know about banking and finance because he wants to apply for a job in banking industry. As a student who has studied Fundamentals of banking and finance, you are requested to guide Ruhesi by telling him all that banking and finance can offer to the communities/country. Therefore, help him know the following:

i) Meaning of a Bank. **(02 marks)**

ii) Its primary functions. **(02 marks)**

iii) Types of banks (give an example from each type. **(06 marks)**

d) Fungafunga wanted to know the meaning of Credit and the way banks handle it. Since you are working in a bank, help him answer the following questions he expects to be asked in the interview he is attending next week in Stanbic bank

i) Meaning of credit. **(02 marks)**

ii) Briefly explain to Fungafunga uses and abuses of credit. **(08 marks)**

SECTION B (ATTEMPT ANY THREE QUESTIONS FROM THIS SECTION)

Question Two

You are a student who has studied banking and finance, you therefore can tell the origin and scope of banking. you can tell the objects of banking to owners of the business and to the country, you very well know that, they are different kinds of banking, therefore answer the following asked to you by the deputy governor of bank of Uganda: **Required:**

a) Briefly highlight to him key contributions of banks to national development of Uganda. **(10 marks)**

b) Meaning of green banking and its importance to people development. **(10 marks)**

Question Three

A bill of exchange is a document used in transactions that orders the payer to pay a certain amount of money to the payee. It is a guarantee of payment on demand or on a specified date, and it cannot be voided or canceled, like a check. Having been given this information, answer the following: **Required:**

a) Briefly explain any five types of bills of exchange and their functions. **(10 marks)**

b) Explain the meaning of a promissory note and indicate the parties involved in a promissory note. **(10 marks)**

Question Four

Exports and imports are important because together they make up a country's balance of trade, which can impact an economy's overall health. In a healthy economy, both imports and exports see continual growth. This usually represents a sustainable and strong economy:

Required:

a) Explain why governments require import licenses in this export and import businesses. **(05 Marks)**

b) Briefly explain common methods of cash transactions used in this export and import transactions. **(05 Marks)**

c) Mention methods of making payments in export and import business and explain any two methods you have mentioned above. **(05 Marks)**

d) What do you understand by the term '**Export finance**', briefly explain stages of export financing. **(05 marks)**

Question Five

A cheque is a negotiable instrument and a written, dated, and signed document that acts as an unconditional order directing a bank to pay a specific sum of money from the drawer's account to a designated payee. Having been given this information,

a) Explain any five different types of cheques that are used in the banking and finance environment worldwide. **(10 marks)**

b) Islamic financing is a system of banking and investment that complies with Shariah (Islamic law). It strictly prohibits the charging or paying of interest (*riba*) and avoids unethical industries like gambling and alcohol. Having studied banking and finance,

   i) Explain to Hamza who is interested in handling his businesses using Islamic banking the key advantages of Islamic banking and finance. **(05 marks)**

   ii) Highlight challenges James may face in Islamic banking. **(05 marks)**

Question Six

Finance describes the flow of money and how people, companies, and governments make, save, invest, borrow, and spend it. However, Business finance refers to the funds a company needs to start, run, and grow its operations. Kaka comes to you so that you guide him to know the sources of finance and the factors he has to consider in picking out the right sources of finance for financing his business

Required:

a) Explain to Kaka the factors he may consider while choosing the right sources of finance to his business. **(08 marks)**

b) Explain to Kaka the different sources of Business finance he can use to finance his business. **(12 marks)**

Question Seven

A bank account is a financial arrangement between an individual or a business and a banking institution. There are different types of bank accounts as you are aware.

Required:

a) Differentiate between a current account and a savings account. **(06 marks)**

b) Mention the features of a current account. **(04 marks)**

c) If I have a bank account in bank, what are my rights as a bank customer. **(05 marks)**

d) One of the duties of a banker is to honor cheques, state reasons for Cheque Bounce: **(05 marks)**

END