



**CHARTERED INSTITUTE OF BANKERS (GHANA)**  
**ASSOCIATESHIP EXAMINATION**  
**LEVEL I**  
**ECONOMICS IN BANKING**

**JULY 2020**

**N.B:**

- 1. Read the instructions on the cover of the answer book carefully.**
- 2. Answer FIVE (5) questions only.**
- 3. Time allowed: THREE HOURS. EACH QUESTION CARRIES 20 MARKS**
- 4. Candidates must ensure that they answer questions in the appropriate answer book and NOT on loose sheets which are supplementary sheets. Such answers will not be marked.**
- 5. DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
- 6. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

## ANSWER FIVE QUESTIONS ONLY

### QUESTION ONE

- a. Economics is the study of choice under what condition? (4 marks)
- b. In the household, how is the scarce resources allocated?. (4 marks)
- c. Define the term *necessity*. (4 marks)
- d. Name any four of the variety of needs and wants of man. (8 marks)

(Total marks – 20)

### QUESTION TWO

- a. Who determines the supply of a commodity? (4 marks)
- b. Why should the price of maize increase after a long period of dry season? (4 marks)
- c. Name any six factors that may induce a producer to increase his supply. (12 marks)

(Total marks – 20)

### QUESTION THREE

- a. The cost of producing yams may be classified into two. Name the two. (4 marks)
- b. How is marginal cost calculated? (4 marks)
- c. At zero unit of production, what is the relationship between the fixed cost and the total cost? (4 marks)
- d. Name any four main features of free competition. (8 marks)

(Total marks – 20)

### QUESTION FOUR

- a. Who is an unemployed person? (4 marks)
- b. Name any four types of unemployment in Ghana. (8 marks)
- c. State any four aims of national minimum wage rate. (8 marks)

(Total marks – 20)

### QUESTION FIVE

- a. What is foreign trade? (4 marks)
- b. Name any four advantages of foreign trade. (8 marks)
- c. Name any four measures which the government generally uses to interfere with the foreign trade. (8 marks)

(Total marks – 20)

### QUESTION SIX

- a. Name the effect of the modern technological advancement on bank transactions. (4 marks)
- b. State two advantages provided to the banks by the Automatic Teller Machine ( ATM ) (4marks)
- c. What are the primary sources of bank funds? (4 marks)
- d. Which institutions provide services which directly promote economic growth? (4 marks)
- e. What factor has forced the banks to adopt universal banking? (4 marks)

(Total marks – 20)

### QUESTION SEVEN

- a. Name the three main classification of money. (6 marks)
- b. Fiduciary money may be grouped into three. Name any two. (4 marks)
- c. Mention two reasons why people keep money. (4 marks)
- d. State three measures the government may introduce to control money supply. (6marks)

(Total marks – 20)

### QUESTION EIGHT

- a. Define the term *fiscal policy*. (2 marks)
- b. Mention any two main aims of fiscal policy. (4 marks)
- c. State four main methods of financing economic projects. (8 marks)
- d. The government actively engages in various economic activities. State any three of such activities. (6 marks)

(Total marks – 20)