



GARISSA UNIVERSITY

UNIVERSITY EXAMINATION **2017/2018** ACADEMIC YEAR **FOUR** **SECOND SEMESTER EXAMINATION**

SCHOOL OF BUSINESS AND ECONOMICS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 412

COURSE TITLE: BANKING LAW I

EXAMINATION DURATION: 3 HOURS

DATE: 08/05/18

TIME: 2.00-5.00 PM

INSTRUCTION TO CANDIDATES

- The examination has **SIX (6)** questions
- Question **ONE (1)** is **COMPULSORY**
- Choose any other **THREE (3)** questions from the remaining **FIVE (5)** questions
- Use sketch diagrams to illustrate your answer whenever necessary
- Do not carry mobile phones or any other written materials in examination room
- Do not write on this paper

This paper consists of **TWO (2)** printed pages

please turn over



QUESTION ONE (COMPULSORY)

- (a) Define the term “banker” under Banking Law [1 Mark]
(b) Outline the relationship between a banker and his customer [12 Marks]
(c) Discuss the legal consideration underlying the following:- [12 Marks]
- i. Husband and wife joint accounts
 - ii. Minors and married women
 - iii. Trustees and administrators

QUESTION TWO

- (a) Under what circumstances can the relationship between a banker and customer be terminated [3 Marks]
(b) Write short notes on “paying banker”. What are the obligations of paying banker [12 Marks]

QUESTION THREE

- (a) “Central Bank of Kenya is the apex bank...” Explain the various functions of the Apex Bank of a nation. [8 Marks]
(b) Besides accepting deposits and making advances, banks render certain subsidiary services to their customers “Justify the statement. [7 Marks]

QUESTION FOUR

- (a) “The relation between a depositor and the bank is that of a creditor and debtor. Discuss [10 Marks]
(b) What do you understand by the terms; pledge, mortgage and Hypothecation? Differentiate between hypothecation and pledge [5 Marks]

QUESTION FIVE

- (a) What do you mean by electronic fund transfer? [1 Mark]
(b) Explain various advantages and disadvantages of electronic fund transfer [10 Marks]
(c) “A company can be liquidated by compulsory method”. Justify the grounds of compulsory liquidation of a company [4 Marks]

QUESTION SIX

Write short notes on the following:-

- i. Bank Secrecy Act [2 Marks]
- ii. CBK’s meeting [2 Marks]
- iii. Banker’s loan [2 Marks]
- iv. Grounds of termination of a chairperson [3 Marks]
- v. External relation with other specified banks [2 Marks]
- vi. Licensing of institutions [2 Marks]
- vii. Bankruptcy of a customer [2 Marks]

