



GRE TSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS MAY - AUGUST 2018 SEMESTER

DIPLOMA IN BANKING AND FINANCE

COURSE CODE: DBFI 013

COURSE TITLE: BANKING LAW

DATE: 9TH AUGUST 2018

TIME: 3.00 PM – 6.00 PM

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: *All exam rooms are under CCTV surveillance during the examination period.*

SECTION A: COMPULSORY

Question One

With reference to the negotiable instruments Act of 1881;

- a) Discuss the various negotiable instruments **[12 marks]**

- b) Explain the characteristics of negotiable instruments **[8 marks]**

- c) Banking law is a wide-ranging and constantly changing area of law. In relation to this statement, explain the meaning of banking law **[5 marks]**

- d) Discuss the basic incidents of banker-customer relationship **[15 marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

A financial institution is one that provides financial services for its clients or members;

- a) In reference to the statement above explain the various types of banks found in the Kenyan economy **[12 marks]**

- b) Explain the duties of a customer of a bank **[8 marks]**

Question Three

As a good professional practice, bankers usually do not open an account until they are satisfied as to the character and standing of the applicant;

- a) In relation to this statement explain the particulars required by a banker to open an account **[12 marks]**

- b) Summarize the instances when a customer can delegate authority in connection with a bank account **[8 marks]**

Question Four

Endorsement is the act that involves writing on the face of a bill to enable negotiability from the endorser to a third party;

- a) From the statement above, discuss the various types of endorsement **[12 marks]**

- b) Explain the major objectives of crossing cheques **[8 marks]**

Question Five

There are many groups of stocks and shares which may be offered to banks as security such as national Government stocks and foreign Government stocks;

- a) Discuss the disadvantages of unquoted shares as security **[12 marks]**

- b) Explain the advantages of life policies as security **[8 marks]**