



CCP PART III SECTION 5
BANKING LAW AND PRACTICE

WEDNESDAY: 28 November 2018.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) Explain the term “banking business”. (3 marks)
- (b) If a bank becomes insolvent, the Central Bank may appoint the Deposit Insurance Corporation (formerly Deposit Protection Fund Board) to be the liquidator of the bank.

Required:

Analyse six powers of the Deposit Insurance Corporation while acting as a liquidator. (6 marks)

- (c) Anne Dudu holds a credit card from BenG Bank Ltd. She regularly carries out transactions using this card.

Required:

- (i) Highlight three parties involved in a credit card transaction. (3 marks)
- (ii) Discuss four elements in the agreement between Anne Dudu and BenG Bank Ltd. (8 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Explain the following terms in relation to the banker - customer relationship:

- (i) Banker’s lien. (2 marks)
- (ii) Duty of safe custody. (2 marks)
- (iii) Duty to honour cheques. (2 marks)
- (iv) Duty to collect cheques. (2 marks)
- (v) Duty of skill and care. (2 marks)

- (b) The Governor of the Central Bank is the Chief Executive Officer tasked with the responsibility of overseeing the management of the Bank.

Required:

Analyse five circumstances that might lead to termination of the Governor’s appointment. (5 marks)

- (c) Summarise five persons who might be disqualified from being appointed as auditors of a bank. (5 marks)

(Total: 20 marks)

QUESTION THREE

- (a) The managers of Jikaze Bank would like to shift their premises from town A to town B. The managers are aware that the Central Bank must approve this decision before they shift their premises.

Required:

Outline four conditions that Jikaze Bank should satisfy before such approval is granted. (4 marks)

- (b) Discuss two types of credit facilities in each of the following cases:
- (i) Funded facilities. (4 marks)
 - (ii) Non-funded facilities. (4 marks)
- (c) Evaluate four conditions that must be met before amalgamation or any arrangement for the transfer of assets in a bank. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Tujijenge Microfinance Institution would like to apply for a licence to operate as a bank under the name TJ Bank Ltd.

Required:

Advise the management on four minimum capital requirements they should meet to operate as a bank. (8 marks)

- (b) Evaluate six objects of the Central Bank in your country. (12 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Discuss five money laundering offences. (10 marks)

- (b) Anthony, Benson and Charles operate a partnership under the trade name ABC Traders. They have been in operation for the past six months, but have not yet opened a bank account.

Required:

Advise the partners on the five requirements they must meet in order to open a partnership account in a bank. (10 marks)

(Total: 20 marks)

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