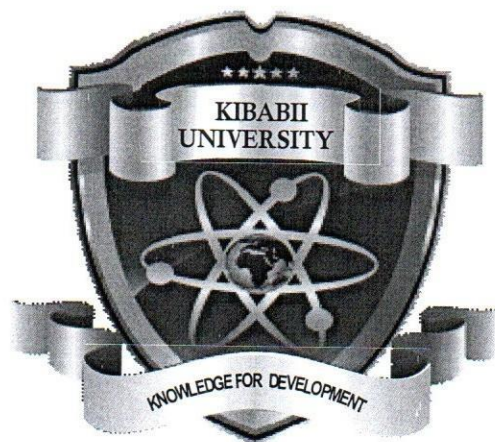


25



**KIBABII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**  
**2020/2021 ACADEMIC YEAR**  
**SECOND YEAR SECOND SEMESTER**  
**SPECIAL/SUPPLEMENTARY EXAMINATIONS**  
**FOR THE DIPLOMA IN BUSINESS MANAGEMENT**

**COURSE CODE: DBF 104**

**COURSE TITLE: BANKING LAW AND PRACTICE**

**DATE:** 5<sup>TH</sup> FEBRUARY, 2021 **TIME:** 8.00 AM-10.00AM

---

**INSTRUCTIONS TO CANDIDATES**

Answer All questions in Section A and Any other **TWO (2)** Questions from section B

**SECTION A (30 MARKS) COMPULSORY**

**QUESTION ONE**

- a) What implied duties does a banker owe his customer (8marks)
- b) Discuss the reasons for crossing cheques (6marks)
- c) Explain in detail the procedure of opening a company account (8marks)
- d) Discuss the key points to be considered when a minor is in partnership and operating a bank account. (8marks)

**SECTION B ( CHOOSE ANY TWO QUESTIONS)**

**QUESTION 2**

- a) Explain the procedure of opening a partnership account (8marks)
- b) Describe the circumstances under which the bank may terminate authority to pay (8marks)
- c) Write brief notes on a garnishee order (4marks)

**Question 3**

- A) What is a trust account and in what circumstances is the bank deemed to notice of the trust (6marks)
- B) Bankers are required by law and practice to keep secret issues relating to their customers. However, circumstances arise when this veil of secrecy can be lifted. With the help of examples explain such instances when bankers can disclose details about their customers. (8marks)
- c) List the circumstances which a banker is given an automatic right to set off his customers' accounts (6marks)

**Question four**

- a) List features of a bill of exchange (6marks)
- b) Discuss the particulars required for opening an account (6marks) Particulars usually required are
- c) Discuss the bank's procedure on receipt of order or summons (8marks)