



(Knowledge for Development)

KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2021/2022 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

SPECIAL /SUPPLEMENTARY EXAMINATION

**FOR THE DEGREE OF BACHELOR OF COMMERCE & BACHELOR OF
BUSINESS MANAGEMENT.**

COURSE CODE : BCF 314 & BBF 312

COURSE TITLE : FINANCIAL LAW.

DATE: 15TH NOVEMBER,2022

TIME: 11.00AM – 1.00PM

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 HOURS

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. ►

SECTION A

QUESTION ONE.

- (a) Discuss the various ways by which a Bill of Exchange can be discharged from liability. **(8 Marks).**
- (b) Financial Law is critical to the development of strong financial markets in an economy. Discuss. **(8 Marks).**
- (c) Distinguish between a Bill of Exchange and a Cheque. **(4 Marks).**
- (d) The proceeds of crime and Anti-Money Laundering Act, 2009 govern Money Laundering and establish a Financial Reporting center which identifies and combats the proceeds of Money laundering. State and explain the common sources of money laundering. **(10 Marks).**

QUESTION TWO.

As part of their core mandate and responsibility regarding funds belonging to depositors, Banks safeguard the same and make available these funds on demand to their depositors.

Required.

In the light of the above statement, describe in detail the viable means, by which banks protect the loans and credit advanced to customers, **(20 Marks).**

QUESTION THREE.

Explain in detail the lending procedure in line with the Banking Act CAP 488 employed by banks when lending loans and advances to their customers. **(20 Marks).**

QUESTION FOUR.

Write short notes on the following:

- (a) Insider Trading.
- (b) Credit Risk Management.
- (c) Noting and Protesting of a Bill.
- (d) Investor Compensation Fund.

QUESTION FIVE.

- (a) With specific reference to the Banking act 2015, outline and briefly explain the steps to follow in applying for a license to start a commercial bank, Mortgage Finance Company or Non-Bank Financial Institution. **(12 Marks).**
- (b) A Cheque payable to bear is crossed generally and is marked 'Not Negotiable'. The Cheque is lost and comes into possession of B, the takes it in good faith and for value. B deposits the cheque into his own account and his banker collects the same.
 - (i) Discuss the liability of the collecting banker and paying banker. **(5 Marks).**
 - (ii) Can B be compelled to refund the Money to the owner of the cheque? **(3 Marks).**