



**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)  
UNIVERSITY EXAMINATIONS  
2020/2021 ACADEMIC YEAR  
SECOND YEAR SEMESTER TWO EXAMINATION  
FOR DIPLOMA  
IN  
BUSINESS MANAGEMENT**

**COURSE CODE:** DBF 236

**COURSE TITLE:** BANKING LAW AND PRACTICE

**DATE:** Monday 1<sup>st</sup> August 2022

**TIME:** 8-10AM

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**INSTRUCTIONS TO CANDIDATES**

Answer QUESTION ONE and any OTHER TWO questions

**TIME:** 2 Hours

MMUST observes ZERO tolerance to examination cheating

**This Paper Consists of Two (2) Printed Pages. Please Turn Over.**

### **ANSWER QUESTION ONE AND ANY OTHER TWO**

- a) Discuss the major roles played by capital markets to the economy and to NSE (8 Marks)
- b) Explain with practical illustration on how the under listed relationship can be created between a banker and a customer
  - i) Agency (4 Marks)
  - ii) Bailment (4 Marks)
  - iii) Trusteeship/Executorship (4 Marks)
- c) Explain the reasons that may necessitate the termination of the banker-customer relationship (10 Marks)

### **QUESTION TWO**

You are a member of one of the leading sacco's in the country and in the last Annual General Meeting, the members resolved that they should start a bank to be known as Bamba Bank Ltd. Due to your knowledge in Financial Law you were appointed the chairperson of the committee to steer this process. In relation to the Banking Act 2014 Laws of Kenya, advise the committee on the following:

- i). The role the Central Bank of Kenya will play in the establishment and operations of your intended bank (8 Marks)
- ii). The various prohibitions and restrictions in respect of banking and financial business (4 Marks)
- iii). The procedure to be followed together with the documents to be filed before they apply for the license (8 Marks)

### **QUESTION THREE**

- i) The relationship between the banker and customer creates obligations and rights on both parties. Discuss (10 Marks)
- ii) Summarize five components of investors' compensation fund board (10 Marks)

### **QUESTION FOUR**

- a) Discuss the bank accounts that can be combined by a customer in relation bank and deposits accounts (10 Marks)
- b) Highlight five causes of termination of relationship between the banker and customer in your country. (10 Marks)