

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF COMMERCE**

BCOM 336: BANKING LAW

STREAMS: BCOM Y3S2

TIME: 2 HOURS

DAY/DATE: MONDAY 13/08/2018

8.30 AM – 10.30 AM

INSTRUCTIONS:

Answer Question One and any other Two Questions

Question One

- (a) In a *Tournier Vs. National Provincial and Union Bank of England, 1935* there is a duty to maintain secrecy this obligation continues even after the customer has closed his account with the banker. However, the duty to maintain secrecy is not absolute but qualified, explain the circumstances a banker may disclose the relevant information about his customer as a banking practice and precautions to observe while furnishing such information. [10 marks]
- (b) Discuss banker's obligation to honour cheques. [10 marks]
- (c) Discuss the general relationship between a banker and customer. [10 marks]

Question Two

- (a) Explain five sources of banking law. [10 marks]
- (b) A banker may receive instructions from the drawer of a cheque to stop payment of cheques. What steps should a banker take when such instructions are received? [10 marks]

Question Three

- (a) Explain cases where the Banker cannot exercise his right of Lien. [10 marks]
- (b) Discuss a banker can commit a tort giving an example for each. [10 marks]

Question Four

- (a) Explain five cases where a banker has a right to close an account . [5 marks]
- (b) What are the precautions to be taken by the banker before it opens an account in the name of:
- (i) A minor [3 marks]
 - (ii) Executors and administrators [3 marks]
 - (iii) Joint accounts. [4 marks]
- (c) Explain five rights of a Pawner. [5 marks]
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