**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER EXAMINATION**

**SUPPLEMENTARY/SPECIAL EXAMINATION.**

**FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT**

**COURSE CODE: BBM 311**

**COURSE TITLE: BANKING THEORY AND PRACTICE.**

**DATE: 8/9/2015**

**TIME: 2.00 P.M-5.00 P.M**

**INSTRUCTIONS:**

Answer Question **ONE** and any other **THREE** Questions.

**QUESTION ONE**

a) Explain the history of the development of money. (7 marks)

b) Discuss the different kinds of money. (8 marks)

c) Discuss any five powers and any five duties a trustee can exercise. (5 marks)

**QUESTION TWO**

Discuss the different criteria banks use in advancing loans and indicate implications. (15 marks)

**QUESTION THREE**

a) Evaluate the various financial documents used in international trade by different players. (7 marks)

b) Explain the financial problems experienced by exporters and importers in their international operations. (8 marks)

**QUESTION FOUR**

a) State the duties of a banker and rights of a banker. (8 marks)

b) The relationship between banker and customer is supposed to be confidential, but there are certain times when secrecy is not necessary. Explain the instances where compulsory disclosure is necessary. (5 marks)

c) Give the objectives of a monetary policy. (2 marks)

**QUESTION FIVE**

a) Describe the possible dangers that might occur as a result of commercial banks failing to be guided by the principles of good lending. (9 marks)

b) Explain the different parties involved in an endorsement. (6 marks)

**QUESTION SIX**

a) Describe the procedures for selecting personal representative as the administrators of deceased's estate and explain the duties he/she undertakes. (7 marks)

b) Draw a distinction between internal payment methods/systems and external payment systems. (8 marks)