**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2013/2014 ACADEMIC YEAR**

**THIRD YEAR FIRST SEMESTER EXAMINATION**

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

**COURSE CODE: BBM 311**

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

**DATE: 17/4/2014**

**TIME: 9.00 A.M-12.00 P.M**

**INSTRUCTIONS:**

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

**QUESTION ONE**

a) Write short notes on the different parties involved in an endorsement. (5 marks)

b) Give a brief explanation on the inland payment systems. (5 marks)

c) Explain the various kinds of money. (5 marks)

d) Describe briefly the procedures involved in selecting personal representative as an administrator of a deceased's estate and explain the duties they undertake. (10 marks)

**QUESTION TWO**

a) Give your understanding of the terms, 'banker' and 'customer'. (3 marks)

b) Moneylenders are an important institution in the bank sector in countries like Kenya. Give a critical view on the role played by the moneylenders in developing countries. (12 marks)

**QUESTION THREE**

a) Explain the structure and the role of the monetary policy committee of the Central Bank of Kenya. (8 marks)

b) Briefly explain the banking services carried out by the importers and exporters. (7 marks)

**QUESTION FOUR**

a) Lenders in carrying out their role of providing lending services follow certain principles. Evaluate critically these principles. (10 marks)

b) Briefly explain the historical development of money. (5 marks)

**QUESTION FIVE**

a) Give reasons that explain the need for banks maintaining secrecy of a customer. (5 marks)

b) Briefly discuss the following types of account holders: Individual accounts, partnership accounts and corporation accounts. (10 marks)

**QUESTION SIX**

a) What is your understanding of the phrase 'banker's rights and duties.' (5 marks)

b) Discuss the different criteria banks use in advancing loans. (10 marks)