**ELDORET TECHNICAL TRAINING INSTITUTE-TELKOM HOUSE,**

**P.O BOX 770-30100,**

**ELDORET.**

**DEPARTMENT OF BUSINESS**

**MOCK EXAMINATION(S)**

**ACADEMIC YEAR 2018/2019**

**BRANCH BANKING (LAW AND PRACTICE)**

**Wednesday, 27th June 2018**

**Time: 3:00 p.m – 6:00 p.m**

**Instructions;**

1. *Answer all the questions in English.*
2. *Do not write anything on this question paper.*
3. *Answer(s)should only be written down on the provided answer sheet booklet(s)*
4. *Talking or communicating in any way with another student in an exam room is prohibited*
5. Explain the obligations of a banker to its customers (10 marks)
6. Outline any four forms of banker-customer relationship (8 marks)
7. Mr. Wanga has been banking with you for 5 years. Recently, he called in requesting you to serve his son with his Savings A/C bank statement. His son also maintains a fixed deposit account with your bank. Explain the necessary steps you will undertake according to this request. (8 marks)
8. Discuss why a bonafide transfree is said to be having a better title than the transferor under negotiable instruments (3 marks)
9. Explain the procedure to be followed by a banker upon receipt of a garnishee order in respect to the following accounts; (8 marks)
   1. Trust account
   2. Partnership account
10. Brian, a second a second hand car dealer, paid a cheque of Ksh. 420,000 into his account last week. Since he has been known to you for some time, you allowed your assistant manager to allow Brian to withdraw Ksh. 450,000 from his account. The balance in Brian’s account was a credit of ksh. 50,000.

Today a cheque for Ksh. 420,000 has been returned marked “payment countermanded by order of

the drawer”

Explain the actions you would take to protect the bank in the circumstances. (10 marks)

7. Mambo and Leo have called in at your bank to open a joint account for their partnership business.

However, they have enquired about the joint and several liability clauses in the mandate form.

Required;

1. Respond to your customer’s enquiry (4 marks)
2. Explain the effect of the absence of such clause of the joint accounts (6 marks)

8. Explain the precautionary measures which a banker should observe in the opening and operation of a joint account (8 marks)

10. Bankers are expected by law relating to banking to maintain secrets ion issues relating to their customers’ accounts. However sometimes this veil may be lifted. Explain circumstances under which bankers may be compelled to disclose such information. (12 marks)

11. Explain the procedures to be followed by a bank on receipt of account closure order from a customer. (10 marks)

12. Explain five circumstances under which a cheque presented to bank for payment may be dishonored. (13 marks)