**UNIVERSITY EXAMINATIONS**

**SSP/REGULAR – NAKURU TOWN CAMPUS COLLEGE**

**SECOND SEMESTER, 2017/2018 ACADEMIC YEAR**

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

**BFIN 334: BANKING LAW AND PRACTICE**

**CAT 2 (14/11/2018)**

**Attempt ALL Questions**

1. Financial innovation is one of the key developments in the banking industry in Kenya.
2. Describe the benefits that have accrued from the different types of innovations experienced in the industry. **(10 Marks)**
3. Discuss risks to a country that emerge from financial innovation developments

**(8 Marks)**

1. For the past 10 years, the banking sector in Kenya has experienced continuous growth. Discuss five main factors that have sustained such growth **(10 Marks)**
2. Due to the rapid growth in the banking sector, the regulatory framework has to be frequently adjusted to deal with risks and other issues that emerge from such growth. Explain any four recent policy guidelines that have been developed and implemented and the areas of concern that they address. **(8 Marks)**
3. While financial innovation is causing a revolution across the world including Kenya, financial experts are of the opinion that it has created more challenges to commercial banks in Kenya.
4. Discuss some of the challenges facing banks in Kenya that are caused by financial innovation **(6 Marks)**
5. Explain some of the actions/remedies that management of banks have used to mitigate the above challenges **(6 Marks)**
6. Under the cheque Act, banks have a legal duty to honour cheques drawn by their customers so long as the cheques are properly drawn. However, a bank may not be held liable under certain circumstances for dishonoring cheques that are properly drawn. Discuss these circumstances. **(7 Marks)**
7. Discuss “Virtual Banking” and whether it is available in Kenya. (**5 Marks**)

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