



# The Co-operative University of Kenya

## SUPPLEMENTARY / SPECIAL EXAMINATION AUGUST- 2019

### EXAMINATION FOR THE DIPLOMA IN BANKING AND FINANCE / CREDIT MANAGEMENT

UNIT CODE: DMCM 1202

UNIT TITLE: BANKING LAW AND PRACTICE

DATE: 26<sup>TH</sup> AUGUST, 2019

TIME: 11:30 AM – 1:00 PM

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#### INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

#### QUESTION ONE

- a) In **TWO** points only, discuss the differences between formation of agency by necessity and formation of agency by ratification. (10 Marks)
- b) Through **ILLUSTRATIONS**, discuss the essential features of private law. (10 Marks)
- c) “The doctrine of the law of Agency has granted very few rights to the Principal.” To what extent do you agree with this statement? (10 Marks)

#### QUESTION TWO

- a) Discuss **FIVE** objectives of the Central Bank of Kenya. (10 Marks)
- b) There are several occasions where a bank is not mandated to honor a cheque. Discuss. (10 Marks)

#### QUESTION THREE

- a) Outline **FIVE** requirements for compliance with KYC Principle in Kenya (10 marks)
- b) Outline the composition of the Monetary Policy Committee. (10 marks).

#### QUESTION FOUR

- a) Outline the process of acquiring a banking license under the Kenyan Laws. (10 marks)
- b) Describe the process of securing a loan through Intellectual Property and Authorizations under Kenyan Laws. (10 marks)

#### QUESTION FIVE

- a) A bank can, on some occasions, disclose confidential information pertaining its customer. Discuss. (10 Marks)
- b) Discuss the relevance/significance of the banking laws and regulations in the Banking Sector in Kenya (10 Marks)