



CRAWFORD UNIVERSITY

FAITH CITY, IGBESA

TITLE OF EXAMINATION : B.Sc EXAMINATION.

COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCES

DEPARTMENT: ACCOUNTING AND FINANCE

HARMATTAN SEMESTER EXAMINATIONS: 2017/18

COURSE: BANKING METHODS AND PROCESSES.

COURSE CODE: FIN 401

CREDIT: 3 UNITS

TIME ALLOWED: 2 HOURS.

INSTRUCTIONS: (i) Answer Any Four (4) questions .

(ii) Time allowed : 2 hours

QUESTION ONE

Mr. Joseph Dambata, one of your valued customers, well known to you personally, has banked with you for fifteen (15) years. You received a telephone call from him this morning requesting you to stop payment of a cheque for ₦200,000.00 issued to one of his contractors four days earlier. You agreed to grant his request provided the cheque is not irrevocably paid. You asked him to confirm his request in writing before the close of business. You asked your clearing supervisor to check whether or not the cheque has been received by your branch. The supervisor brings the cheque to you to show that it was received the previous day from a local bank and been stamped "paid" and debited to Mr. Dambata's account:

State, giving reasons, how you will treat Mr. Dambata's request. (15 marks)

QUESTION TWO

A wealthy and important customer calls and tell you that he is very concerned about his daughter who also has an account with you. He is aware that she is keeping undesirable company and asks if there is any evidence from her bank account of over-spending.

Explain how you would deal with the situation (15 marks)

QUESTION THREE

John Fijaba is a management trainee newly recruited to your branch. This morning, John Fijaba received a letter from Rock field bank ltd, in reply to an enquiry made by your branch on one their corporate customers. He has come to you to express his surprise that the unsigned letter carries boldly "without responsibility on the part of the bank or its officials" and wonders why Rock field bank Ltd has to write in that way.

What explanations will you give John Fijaba. (15 marks)

QUESTION FOUR

(a) John Chukwu has banked with your branch for over (5) years without borrowing money your bank. He has now submitted an application for a loan of ₦2million for working capital which you are disposed to grant. He has offered to pledge his property at Okota to secure the

a. How would you treat the issue of security in order to protect the interest of the bank?

(10marks)

b. Explain the differences between equitable mortgage and legal mortgage (5 marks)

Total 15 marks]

QUESTION FIVE

Chief Henry Obinga has been in account with you for ten (10) years. Six months ago he deposit with your branch a sealed envelope for safe keeping with the instruction that it should be handed over to his last son, Edward, on his death. News has reached you this morning that Henry Obing is dead.

What action will you take regarding the sealed envelope in safe custody? (15marks).

QUESTION SIX

Explain the circumstances under which the banker's authority to pay may be terminated.

(15 marks)