



CRAWFORD UNIVERSITY

DEPARTMENT OF ACCOUNTING AND FINANCE

BSc Finance Harmattan Semester Examination 2024/2025

FIN 401- Banking Methods and Processes

Instruction One – Time Allowed 2hours Instruction Two - Answer Any FOUR Questions

QUESTION ONE

To continue providing the best banking services to the customers, the banker has some rights and obligations that must be implemented and followed. Describe five rights of a banker to the customer with some relevant illustrations (15marks).

QUESTION TWO

The title to the collateral does not typically pass to the Bank when a loan is granted; instead the collateral remains the property of the borrower. However, if the borrower defaults in repaying the loan as agreed by the parties, the Bank may be entitled to sell off the collateral and use the proceeds to offset the debt. Explain six types of collaterals that are acceptable by banks in Nigeria (15marks).

QUESTION THREE

Loan documentation refers to all the documents used by the parties (the Bank and the borrower) in spelling out the terms and nature of the loan transaction, particularly with respect to the collateral and guarantees for the loan. Highlight five (5) major procedures of loan documentation with illustrations where necessary (15marks).

QUESTION FOUR

The relationship between banker and customer can be of various types because it totally depends upon the activities, products and services provided by the banker to the customer. Describe five (5) major ways by which banker-customer relationships can be created in line with the banking services (15marks).

QUESTION FIVE

Cheques are also called negotiable instruments. In banking terms, a negotiable instrument is a document that promises its bearer a payment of the specified amount either on furnishing the document to the banker or by a given date. Discuss eight (8) types of cheque with some illustrations where necessary (15marks).

QUESTION SIX

Write short notes on the following:

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|---------------------|----------|-------------------|----------|
| a. Right of Set-Off | (3marks) | d Negative Pledge | (3marks) |
| b. Hypothecation | (3marks) | e. Indemnity | (3marks) |
| c. Guarantee | (3marks) | | |