



CRAWFORD UNIVERSITY
FAITH CITY, IGBESA, OGUN STATE.

TITLE OF EXAMINATIONS: BSc EXAMINATION

COLLEGE: CBSS

DEPARTMENT: ACCOUNTING AND FINANCE

HARMATTAN SEMESTER EXAMINATIONS: 2018/2019

COURSE TITLE: BANKING METHODS AND PROCESSES

COURSE CODE: FIN311/ 401

TIME ALLOWED: 2HOURS

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER THREE (3) QUESTIONS

QUESTION ONE

Mrs. Kudirat Olowosile has been your good customer for over 10 years. She has a safe custody with you, a metal box said to contain jewelry. Two months ago, she sent her senior sister, Alhaja Falilat to the branch with a letter of authority for the branch manager to allow her to open the box in safe custody and examine the jewelry. You handed over the request to your assistant who is directly in charge of safe custody items. It was a very busy day at the branch. Your assistant brought out the box, placed it on his table and let Alhaja Falilat alone to do the examination while he attended to other pressing matters. After Alhaja Falilat had finished she locked up the box again and called on your assistant to return it, which he did without any question.

Mrs. Kudirat Olowosile is at the branch this morning to carry out her routine inspection of the jewelry in safe custody. After opening the box she shouted that her most precious jewelry in the box has been removed. You reminded her that the bank has no access to the contents of the box as she keeps the only key of the box; she threatens a legal action against the bank for the theft.

What is the bank's position and how will you handle the case? (18marks)

QUESTION TWO

You read in one of the daily newspapers that your customer, Janduku, has been arrested by the police and is being held in custody on charges of fraud. A police officer calls the next day and asks for the copy of Janduku's statement of account for the past six months. This he says will be required in the court proceedings. He adds for your information, that the charges are very serious.

Explain how you would deal with the situation (14marks)

QUESTION THREE

A customer tells you that he has given the name of the bank as a referee in connection with an agency he is taking up from an important manufacturing company and asks you to reply to any enquiry received. The company (a non-customer) has written to the bank for an opinion of the business ability and integrity of the customer

Explain how you would deal with the situation (14 marks)

QUESTION FOUR

Enumerate seven (7) practical considerations a banker must take into account when answering a banker's enquiry (14 marks).

QUESTION FIVE

Popular service Ltd is a Federal government owned company which maintains account with your branch. Following wide spread allegations of fraud in the company the government recently set up a judicial tribunal to enquire into the financial affairs of the company. This morning you received a letter signed by the chairman and the secretary to the tribunal through a dispatch rider asking you to appear before the tribunal the following morning to give evidence in respect of the accounts of your customer, Mr. Dodo Jaja, a contractor to popular service Ltd.

How will you treat the request? (14 marks)

QUESTION SIX

James Chukwu has banked with your branch for many years without borrowing money from your bank. He has now submitted application for a personal loan of N1 million and has submitted his life policy certificate to secure the loan (9marks).

- a. How would you treat the issue of security to protect the interest of the bank?
- b. Explain the differences between equitable mortgage and legal mortgage (5marks)

Total=14 marks