



NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_1 EXAMINATION

COURSE CODE: BFN 308

CREDIT UNIT: 3

COURSE TITLE: BANKING METHODS AND PROCESSES.

TIME ALLOWED: 3 HOURS

INSTRUCTION: Answer questions one (1) 25marks and any other three (3) 15marks each

Question 1

- a) Financial intermediation is the umbrella phrase under which the roles of banking are subsumed. Provide a break down and description of those roles (12 marks)
- b) Banks are often classified according to the types of activities they undertake or as to their *modus operandi*. Nevertheless, their activities still boarder on financial intermediation. List three types of banks, other than commercial banks, and explain how they intermediate.9 marks)
- c) List two ways in which banks differ from other financial institutions. (4 marks)

Question 2

- (a) To what extent is it true that modern banking techniques and technology have rendered Cheques and negotiable instruments, in general, obsolete and irrelevant? (9marks).
- (b) Your customer is traveling for a conference in November this year. The country destination still accepts traveller Cheques. Your bank has offered him 40/60% ratio of TC *euro* denominated and US\$ Visa credit card. He asks you to explain to him this intricate arrangement as well as the advantages of one over the other. Do so in as brief a note as possible. (6 marks)

Question 3

- a) Nigeria, like Britain, practice branch banking system while the United States of America practice unit bank system. Assess or critique this position. (9 marks)
- b) Nigerian banks are now having bank agents. What or who are bank agents? (3 marks)
- c) Do they differ from agent banks? How so, if so? (3 marks).

Question 4

Apart from minting of coins and printing of currency notes, there is no difference between the functions of a central bank and a conventional commercial bank. Do you agree? (15 marks)

Question 5

- a) Distinguish between Financial system and banking system. You may use a tabular layout. (9 marks)
- b) To what extent is it likely that a universal bank will outperform a conventional commercial bank? (6 marks)