



**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja**  
**Faculty of Management Sciences, Department of Financial Studies**  
**2020\_1 EXAMINATION**

**Course Code: BFN301**

**Credit Unit: 3.**

**Course Title: PRACTICE OF BANKING**

**Time Allowed: 2 AND HALF HOURS**

**Instructions:**

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

1a. The establishment of the Federal Mortgage Bank of Nigeria (FMBN) is intended to give succor to workers faced with housing challenges but unfortunately however, workers' housing issues appear to be unabated. As a Finance student, clearly discuss six mandates of FMBN. **(12marks)**

1b. The relationship between a banker and a customer can be that of a Pledger and a Pledgee, Clearly contrast the two actors within the context of credit facility transactions of Deposit Money Banks (DMBs) in Nigeria. **(7marks)**

**1c.** Commercial banks in Nigeria are dichotomized into three with the abrogation of universal banking model. State the three categorizations. **(6marks)**

**2a.** When a cheque is crossed generally, the paying banker should not make payment except through a banker however, some cheques could bear special crossing. What then is Special Crossing according to section 124 of the negotiable instrument Act? **(7.5marks)**

2b. Discuss three (3) of the statutory functions of Bank of Agriculture (BOA) in Nigeria . **(7.5marks)**

**3a.** The duty to maintain secrecy is not absolute, but qualified. State succinctly four conditions under which a bank can disclose customer's information. **(8marks)**

**3b.** Bank and customer relationship is formalized when accounts are opened by customers in their banks of choice. What then is a bank account? **(7marks)**

**4a.** Clearly identify and discuss four unpleasant implications that a banker would be faced with if a customer with incomplete references is allowed to operate an account with the bank. **(12marks)**

**4b.** State succinctly three of the requirements of negotiability of Negotiable Instruments **(3marks)**

**5a.** Discuss five circumstances only under which a banker is justified in refusing payment of a cheque drawn on it. **(5marks)**

**5b.** Different types of mortgage arrangements exist but each has special and distinctive features. Discuss the following types of mortgages:

i. Simple Mortgage **(5marks)**

ii. Anomalous mortgage **(5marks)**

6. The issue of distress and bankruptcy in the banking sector is topical and has attracted immense attention from different stakeholders including but not limited to scholars of banking and finance. As a scholar of Banking and Finance, identify and discuss ten (10) factors that can lead to bankruptcy in banking industry. **(15marks)**