



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi – Abuja**  
**FACULTY OF LAW**  
**DEPARTMENT OF COMMERCIAL LAW**  
**2020\_1 EXAMINATION**

**COURSE CODE:** CLL 431

**COURSE TITLE** Law of Banking and Insurance 1

**CREDIT UNITS:** 4

**INSTRUCTIONS:**

- (a) Indicate your Matriculation Number clearly
- (b) Attempt Question one (1) and any other three questions – four (4) questions in all
- (c) Question one (1) is compulsory and carries 25 marks; while the other questions carry 15 marks each.
- (d) Using appropriate statutory and judicial authorities, present all your points in coherent and orderly manner.

**TIME ALLOWED:** 3 Hours

1. “Regulatory regimes for operation of banking services in Nigeria ensures that banks are subject to certain requirements, restrictions and guidelines which every bank to remain in business must comply with”

In the light of the above statement, discuss the relevant laws and their regulatory significance. (25 marks)

2. Hakeem has a current and savings account in BlueBay Bank. His current account is in debt while he has no money in his savings account. Recently, he issued a mandate that money be paid from his creditor to the savings account. The bank insists that the money should be paid into his current account to clear his debt. As the legal adviser of BlueBay Bank, write a memo addressing this issue. (15 marks)

3. Bonnyface has approached Deecash Bank for a loan facility for the sum of Ten Million (N10, 000,000.00 only). Bonnyface has assured Deecash Bank that he has what it takes to offer the bank as security to guarantee the loan. As the legal Adviser to Deecash Bank, what characteristics should Bee bank consider in granting a loan to Mr, Broke. What attributes would make Mr. Broke’s security a good security. (15 marks)

4. Stainless Bank PLC granted a legal mortgage for the sum of N2.8 million with interest to Mr. Pam who promised to repay on or before 31 December, 2019. A loan agreement was entered into between Mr. Pam and the Bank. Barrister Adamu, a retained solicitor of the bank was instructed by the bank to obtain consent to mortgage and register the said loan obtained by Mr. Pam. By December 31 2019, Mr. Pam reneged on the Loan agreement and failed to pay the loan. The Bank severally and repeatedly in writing, demanded for payment. Mr. Pam failed to honour the demand for payment.

Advise FIN Bank on ways through which the Bank can realize the legal mortgage. (15 marks)

5. A bank, in accepting a guarantee as security for a loan facility, must take into consideration the financial capability of the prospective guarantor as well as the legal requirements that make a contract of guarantee enforceable. Discuss (15 marks)

6. Discuss the justification of banks' refusal to pay on a cheque presented to it. (15 marks)