



**NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_2 EXAMINATION**

COURSE CODE: BFN308

CREDIT UNIT: 3

COURSE TITLE: BANKING METHODS AND PROCESSES.

TIME ALLOWED: 2 ½ HOURS

INSTRUCTIONS:

- 1. Attempt question number one (1) and any other three (3).**
 - 2. Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each. Present all your points in coherent and orderly manner.**
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- (1) (a) You are the head of branch operations in your bank. You went to a sister branch of the bank today and the following scenario played out.

A well-built, well dress man was talking to a customer services officer. As you move, you noted that the man has raised his voice a little higher than before. You stopped by to listen, until the man was practically raving. You proceed to the operations managers office and from there you could still hear the man shouting. In fact, complains and murmuring; making the banking hall so rowdy was reading you in the manager's office.

By the time the man angrily banged into the manager's office, the whole story was clear. The man had mistakenly transferred N450,000 to an unintended customer's account in your branch. He explained this, still angry and ended by saying "that small boy sits down there telling me "no account, no relation" because I am not a customer of the bank". The manager only reiterated the customer's service office's stand; His bank cannot do anything about that because the bank cannot take-action on a customer's account without the customer's authorization. The man stormed out of the office in frustration.

Required:

Examine and assess the episode from, the legal, operational, and social angles to banker-customer relationship.

(3 marks each for each angle, 6 marks for assessment)

(15 Marks)

(b) You are the operations manager of a campus-based branch of your bank. A final year student has just come to complaining; the hostel portal did not open until this morning. When it did he could not click on ₦8,000 room but a N14,000 room because he is a final year student. He did not know this before. He called his father who sent N5,000 to his account. Because the bank debited N806.54 immediately after the transfer came in. By the time he pays the bank will charge another N500. All in all, he will need N1,380 additional to be able to pay for the hostel and bank charges. He say you should allow him overdraft to the tune or loan him from your pocket. If he does not pay in the next 6 hours, he will lose the accommodation. What will you do?

(10 Marks)

- (2) (a) You received a transfer of N28,576,751.78 by cable to an account in your branch. On investigation, you discovered that the account is just in the process of being opened. Account number has been allocated and the customer informed. It only remains for the second reference and signature card that are yet to be received. How would you handle this? (8 Marks)

(b) A customer who has been operating a savings account with you since his undergraduate days is now 27 years of age. He wants to convert the savings account to a current account to take advantage of length of relationship. What is your advice and stand? (7 Marks)

- (3) (a) What do you understand by a Garnishi Order (5 Marks)
(b) What will a bank do on receipt of a garnishi order? (5 Marks)
(c) The Nigerian Customs and Excise Department obtain a garnishi summons on the account of Trenchtown Automobiles Ltd to the tune of ₦185m in 2011. The bank only filed off the ordered. The court has now given judgement in favour of the beneficiary. The account of Trenchtown had a credit balance of N2,178,752.28 on the day of receipt of the Garnishi nisi. What is the bank's position? (5 Marks)

- (4) (a) There is rather a conceptual, not operational differences between a debit card and a credit card. Expatriate and explain. (8 Marks)
(b) Compare a dollar denominated POS to a dollar Visa credit card (7 Marks)

- (5) Explain or comment on these comments with a view to showing your understanding of the concepts and the issues under reference.
(a) But for chain and group banking; unit banking would have been impossible or successful. (6 Marks)

- (b) What is a holding company and how does it help in the situation referred to in question 5a. (4 Marks)
 - (c) Explain the differences (if any) between the pool of funds and the shiftability theories in treasury management. (5 Marks)
- (6) Define the following pairs of terms/phrases showing similarities, differences and/or relations (if any) between them.
- (i) Regiscope and BVN
 - (ii) Vault cash and Daily cash position
 - (iii) Returned cheque and Clearing Calendar. (5 Marks Each)