

Course Code: BFN301

Credit Unit: 3.

Course Title: PRACTICE OF BANKING

Time Allowed: 2 ½ HOURS

Instructions:

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

Question ONE:

- a. Banking institutions have a strategic role in financial intermediation, trace the historical development of Commercial Banks in Nigeria.
- b. The Regulation on the Scope of Banking Activities and Ancillary Matters, No. 3, 2010 confer on the commercial bank certain guided banking operations in Nigeria. Discuss five of them. (25 marks)

Question TWO

- a. Jaiz bank and Taj bank are the main Islamic financial institutions in Nigeria operating under the guidelines of CBN, what do you understand by Islamic banking or on-interest banking and Islamic window?
- b. Describe who a banker is and list five important areas of a banker-customer relationship. (15 marks)

Question THREE

- a. In bank transaction, what do you understand by negotiable instruments and its nature?
- b. Define a promissory note according to section 4 of the negotiable instruments Act. (15 marks)

Question FOUR

- a. There are several precautions that a bank considers before granting advances to customers, list and explain those principles.
- b. In securing a loan from the bank, not only properties are being pledged but also valuables, state the valuables that can be pledge. (15 marks)

Question FIVE

- a. Mention three precautions for taking land and building as security.
- c. A contract of guarantee is a contract to perform the promise or discharge the liability of a third person in case of default, state the two kinds of guarantees. (15 marks)