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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2018/2019 ACADEMIC YEAR**  
**DIPLOMA IN BUSINESS ADMINISTRATION**

**DBF 1102 – BRANCH BANKING: LAW AND PRACTICE**

Date: 11<sup>th</sup> April, 2018  
Time: 8.30am –10.30am

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) Define the following terms as used in branch banking:
- i) Banking business (3 Marks)
  - ii) Agency (2 Marks)
  - iii) Branch (2 Marks)
  - iv) Core capital (3 Marks)
  - v) Chain Banking (3 Marks)
  - vi) Regulation (3 Marks)
- b) State and explain any 3 objectives of Banking Regulation (6 Marks)
- c) Describe 4 ways in which an institution shall become insolvent as per the banking Act (8 Marks)

**QUESTION TWO (20 MARKS)**

- a) Distinguish between Twin Peaks approach to regulation and Integrated approach to regulation giving an example of each. (6 Marks)
- b) Explain the various types of activities or transactions that may indicate possibility of money laundering in a bank. (14 Marks)

**QUESTION THREE (20 MARKS)**

- a) State and clearly explain 7 advantages of branch banking in the Kenyan economy (14 Marks)
- b) Explain any 3 reasons why bank failures do exits (6 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Central bank acts as banker's bank, demonstrate the 3 capacities in which this function of CBK is accomplished (6 Marks)
- b) Describe wholesale banking (4 Marks)
- c) State and explain 5 disadvantages of wholesale banking (10 Marks)

**QUESTION FIVE (20 MARKS)**

Several techniques have been used to help prevent or mitigate bank runs, as a bank manager describe the various techniques that you can employ to carry out this function.