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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR**  
**FIRST YEAR SECOND SEMESTER EXAMINATIONS**  
**FOR THE DIPLOMA IN BANKING AND FINANCE**

Date: 4<sup>th</sup> August 2022

Time: 8.30am-10.30am

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

**INSTRUCTIONS TO CANDIDATES**

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

**QUESTION ONE IS COMPULSORY (30 MARKS)**

a) As at the end of the financial year 2020/2021, the banking industry in Kenya is dominated by over 38 banks, 9 representative offices of foreign banks and 14 licensed microfinance institutions marked with innovative products and services despite the COVID19 Pandemic effects. The new innovations have been seen in the development of new fintech products and services and increased market players thus necessitated the need for regulations to guarantee expected growth.

Using the above information, briefly

- i. Explain with examples the concept of fintech in the banking industry (7 marks)
- ii. Discuss the **THREE** main reasons behind regulation of financial institutions in Kenya (9marks)
- b) Draw the major differences between retail banking and wholesale banking (6 marks)
- c) There is no generally agreed definition of a bank panic but most scholars opine that a banking panic is a financial crisis that occurs when many banks suffer runs at the same time, as a cascading failure. In the light of this definition, discuss **FOUR** factors that are likely to trigger bank panic (8 marks)

**QUESTION TWO (20 MARKS)**

a) It is generally agreed that the legal framework in each country should be flexible enough to allow national supervisors to make policies and practices that will adapt to the dynamics in the changing economic environment.

Enumerate the **FIVE** factors likely to impact the effective operation of future authority for banking supervision (10 marks)

b) The Bank Supervision department, along with the Controller of the Currency, the regulatory arm of the Central Bank is responsible in the implementation of the Banking Act and supervision of participants. Discuss any **FIVE** goals of this regulatory arm of the Central Bank (10 marks)

**QUESTION THREE (20 MARKS)**

a) Explain the **THREE** roles of the Kenya Deposit Insurance Corporation as outlined in Kenya Deposit Insurance Act, 2012 (9 marks)

b) Depending on the environment, the type governing authority in place, the economic situation, legal environment, implementation and enforcement institutions in place, regulation can exist in different forms or exercised in different means. Discuss the **THREE** most common approaches applied in bank regulation (9 marks)

c) Identify any **TWO** examples of unclaimed assets as recognized by the Unclaimed Financial Assets Act in Kenya (2 marks)

**QUESTION FOUR (20 MARKS)**

a) Discuss **FIVE** merits associated with branch banking (10 marks)

b) The Unclaimed Financial Assets Authority in Kenya was created under the Unclaimed Financial Assets Act, No. 40 of 2011 to administer unclaimed financial assets. Briefly outline **FIVE** roles of the authority as per this Act (10 marks)

**QUESTION FIVE (20 MARKS)**

a) Discuss **FIVE** prevention bank runs techniques applicable to individual banks, independently of the rest of the economy (10 marks)

b) Briefly explain any **FIVE** services offered to customers by the bank branches in an emerging economy (10 marks)