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**KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FOR THE DIPLOMA IN BANKING AND FINANCE**  
**DBF 1101: LAW RELATING TO BANKING SERVICES**

Date: 7<sup>TH</sup> DECEMBER 2023  
Time: 8:30AM-10:30AM

**INSTRUCTIONS TO CANDIDATES**

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

**QUESTION ONE (30 MARKS)**

- With examples, highlight the six main components of a financial system. (6 Marks)
- Differentiate between the terms “financial deepening” and “financial broadening”. (4 Marks)
- Highlight four categories of services provided by banking institutions in Kenya. (4 Marks)
- In a banker-customer relationship, a banker is expected to keep a depositor’s dealings private except in special circumstances. Briefly describe three instances where the bank would be obligated to disclose a client’s information. (6 Marks)
- Provide three reasons why financial institutions and markets need to be regulated. (6 Marks)
- Distinguish between “utilitarianism” and “egoism” as concepts in ethical behavior and standards. (4 Marks)

**QUESTION TWO (20 MARKS)**

- Using examples, highlight any four reasons that would compel a person or bank to be unethical in its dealings or transactions. (8 Marks)
- A customer expects their banker to fulfill certain duties in the course of their business. Discuss three duties of a banker. (6 Marks)
- Cheques are a common method of payment used in the banking sector. Describe three ways in which a cheque differs from a bill of exchange. (6 Marks)

**QUESTION THREE (20 MARKS)**

- Explain any five functions of a financial system in the Kenyan economic context. (10 Marks)
- When borrowing from a financial institution, a number of factors are evaluated before an individual can secure a loan. Briefly explain relevant factors required in credit analysis. (10 Marks)

**QUESTION FOUR (20 MARKS)**

- Fraud in Kenya is categorized with regards to provisions by the law. Briefly explain four of the most common classes of fraud in Kenya. (8 Marks)
- Banking staff are expected to conduct themselves in a certain manner to ensure the relationship between the bank and the customer is not affected. Describe three expectations a customer has on their bank with respect to their relationship. (6 Marks)
- Financial regulation is important and a key requirement for a well-functioning financial system. Briefly explain three types of regulations implemented by the Kenyan government to this effect. (6 Marks)

**QUESTION FIVE (20 MARKS)**

- What are the five main requirements that need to be met in the case that a company wishes to open a bank account. (10 Marks)
- The banker-customer relationship is a contractual agreement between a bank and its clients. Briefly explain five types of relationship that may exist between these two parties. (10 Marks)