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

**UNIT CODE: DBF 1101**

**UNIT TITLE: LAW RELATING TO BANKING SERVICES**

**EXAM TYPE: DRAFT EXAM**

**INSTRUCTIONS TO CANDIDATES**

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

**QUESTION ONE**

- a) Explain five fraudulent activities that can occur in Kenyan banks today (5 Marks)
- b) The banks offer security lending services to investors, among other functions. Define security lending and highlight five purposes of security lending (6 Marks)
- c) Highlight three professions that you can get into by the end of your course (3 Marks)
- d) Briefly explain five objectives of bank regulation in Kenya today (5 Marks)
- e) Explain at least three customer- banker relationships that exist in the banking industry today (6 Marks)
- f) Discuss five unethical practices that exist in banks today (5 Marks)

**QUESTION TWO**

- a) Financial systems play a very vital role in the economic developments of a country. Discuss three functions of financial systems in economic development. (6 Marks)
- b) Explain three types of credit cultures that can be adopted in banking institutions in Kenya. (6 marks)
- c) Define money laundering and briefly explain the Steps in Money Laundering. (8 Marks)

**QUESTION THREE**

- a) Briefly explain five responsibilities of customer service in banks today (5 marks)

- b) Ethical banking involves consciousness of how banking practices affect society and the environment. Discuss at least five ethical aspects in financial management (10 marks)
- c) State five duties of a customer to the banker (5 marks)

#### **QUESTION FOUR**

- a) The relationship between banker and customer may be terminated due to various reasons that might have caused it. Using examples, discuss at least four reasons for the termination. (8 Marks)
- b) You have been employed as a banker at Cooperative Bank of Kenya as a credit controller. Briefly explain the Four C's of Credit Culture that you would ensure they are followed in advancing credits. (8 Marks)
- c) The Central Bank of Kenya (CBK) is the originator of various decisions followed by commercial banks in Kenya. Explain four roles of CBK (4 Marks)

#### **QUESTION FIVE**

- a) Financial institutions are of various classifications. Briefly explain the four types of banks found in the various financial institutions (8 Marks)
- b) You have been hired as a credit officer at Shika Adabu Sacco. Highlight the steps you would follow in the lending of money to customers. (6 marks)
- c) Briefly explain three components of a financial system in Kenya (6 marks)