



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN BANKING AND FINANCE
DBF 1102 – BRANCH BANKING: LAW AND PRACTICE

Date: 16TH DECEMBER, 2022
Time: 8:30am-10:30am

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Regulation in the banking system is very crucial. Highlight the three main objectives of regulation in the banking sector. (6 Marks)
- b) Identify any five services provided by retail banks in an economy. (5 Marks)
- c) Highlight any two differences between group banking and chain banking systems as applied in Kenya. (4 Marks)
- d) Differentiate between the terms “wholesale banking” and “retail banking” as used in banking. (4 Marks)
- e) Identify any three consequences of a lack of regulation in the banking sector. (6 Marks)
- f) Identify any five documents required when applying for a license to operate a commercial bank in Kenya with local ownership. (5 Marks)

QUESTION TWO (20 MARKS)

- a) Briefly describe the steps involved when applying to register a non-Kenyan bank representative office in Kenya. (8 Marks)
- b) Elucidate on the key identifying features of a bank-holding company in Kenya. (4 Marks)
- c) Branch banking is one of the more common systems witnessed in Kenya. Identify and explain the demerits of a branch banking system. (8 Marks)

QUESTION THREE (20 MARKS)

- a) To prevent bank panics, laws and regulations have been put in place that apply indiscriminately to the whole economy. Describe any five prevention techniques used by the government to avoid this kind of failure among banks. (8 Marks)
- b) Discuss the objectives of retail banking that make it an ideal mode of operation in Kenya. (4 Marks)
- c) The Comptroller of the Currency is an office within the CBK mandated to oversee the banking system. Explain any five functions that the COTC serves. (8 Marks)

QUESTION FOUR (20 MARKS)

- a) Identify and explain any five advantages of operating a retail bank over any other form of bank. (10 Marks)
- b) The Central Bank of Kenya is the pillar at the heart of the Kenyan financial sector. Identify and explain five key roles it plays in the sector. (10 Marks)

QUESTION FIVE (20 MARKS)

- a) The Banking Act is the legal framework that governs the banking system in Kenya. Identify and explain five factors to consider when establishing an effective implementing authority. (8 Marks)
- b) Using examples of any banks you know of in Kenya, differentiate between “group” and “chain” systems of banking. (4 Marks)
- c) Explain five roles of the Kenya Deposit Insurance Corporation as a key player in the financial system. (8 Marks)