



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, 2023/2024 ACADEMIC YEAR**  
**FIRST YEAR, SECOND SEMESTER EXAMINATION**  
**FOR THE DIPLOMA IN BANKING AND FINANCE**  
**DBF 1102: BRANCH BANKING: LAW AND PRACTICE**

Date: 20<sup>TH</sup> APRIL 2023  
Time: 4:00PM-6:00PM

**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) Define the following terms as used in banking:
  - i. Wholesale banking (2 Marks)
  - ii. Retail banking (2 Marks)
- e) Regulation is very important in the banking sector due to the nature of business. 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 registering a commercial bank in Kenya. (10 Marks)
- b) The Unclaimed Financial Assets Authority is responsible for the management of unclaimed assets in Kenya. Discuss the conditions that would result in an asset being declared as unclaimed according to the UFAA Act. (6 Marks)
- c) Branch banking is one of the more common systems witnessed in Kenya. Identify and explain the demerits of a branch banking system. (4 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 three prevention techniques used by the government to avoid this kind of failure among banks. (6 Marks)
- b) With help of relevant examples, evaluate three common approaches used in coming up with banking regulation systems around the world. (6 Marks)
- c) The Comptroller of the Currency is an office within the CBK mandated to oversee the banking system. Explain any four functions that the COTC serves. (8 Marks)

**QUESTION FOUR (20 MARKS)**

- a) Identify and explain any three advantages of operating a retail bank over any other form of bank. (6 Marks)
- b) The KDIC (Kenya Deposit Insurance Corporation), established through an Act of Parliament is regarded as a crucial institution in the management of failing banks. Elucidate the circumstances under which the KDIC would take charge of a commercial bank. (8 Marks)
- c) The Central Bank of Kenya is the pillar at the heart of the Kenyan financial sector. Identify and explain three key roles it plays in the sector. (6 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. (10 Marks)
- b) Explain five roles of the Kenya Deposit Insurance Corporation as a key player in the financial system. (10 Marks)