



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2019_2 Examination

Course Code: BFN301

Credit Unit: 3.

Course Title: PRACTICE OF BANKING

Time Allowed: 2 ½ HOURS

Instructions:

- 1. Attempt Question 1 and any other three (3) Questions.**
 - 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
 - 3. Present all your points in a coherent and orderly manner.**
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1a. The duty to maintain secrecy is not absolute, but qualified. Discuss four conditions under which a bank can disclose customer's information. **(8marks)**

1b. Discuss four unpleasant implications that a banker would be faced with if a customer with incomplete account opening references is allowed to operate an account with the bank. **(12marks)**

1c. Clearly identify five statutory functions of the Bank of Agriculture (BOA). **(5marks)**

2. (a) Prior to accepting debentures issued by a company as collateral securities for advancing money, it is necessary for the bank to take some steps to ensure the protection of its own interest. Clearly identify and discuss the five (5) steps. **(10marks)**

2b. Explain five statutory functions of the Bank of Industry (BOI) . **(5marks)**

3. (a) Discuss five business activities which the Deposit Money Banks (DMBs) are not permitted to delve into. **(10marks)**

3. (b) What is a bank account? **(5marks)**

4a. The Central Bank of Nigeria (CBN) was primarily established to perform some basic roles as well to meet some intended economic policy objectives. Classify the four basic roles and five economic policy objectives of the CBN. **(9marks)**

4. (b) Discuss three of the requirements of negotiability of Negotiable Instruments. **(6marks)**

5a. Discuss five (5) of the minimum Standards prescribed for the establishment of Merchant Banks in Nigeria **(7.5marks)**

5b. A banker is justified in refusing payment of a cheque drawn on it under certain circumstances. Discuss five (5) of these circumstances. **(7.5marks)**

6. Discuss ten (10) statutory functions of the Federal Mortgage Bank of Nigeria. **(15marks)**