



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja
Faculty of Management Sciences, Department of Financial Studies
JANUARY Examination 2018

Course Code: BFN301

Credit Unit: 3.

Course Title: PRACTICE OF BANKING

Time Allowed: 2 AND HALF 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.**
-

1a. The Central Bank of Nigeria (CBN) was primarily established to perform some basic roles as well to meet some intended economic policy objectives. State the four basic roles and four economic policy objectives of the CBN.

1b. Mention five business activities which the Commercial Banks are not permitted to delve into.

1c. Commercial banks in Nigeria are dichotomized into three with the abrogation of universal banking model. State the three categorizations.

2a. Enumerate ten functions of the Bank of Industry (BOI)

2b. State five statutory functions of Bank of Agriculture (BOA)

3a. The duty to maintain secrecy is not absolute, but qualified. State succinctly four conditions under which a bank can disclose customer's information

3b. What is a bank account?

4a. Clearly identify four unpleasant implications that a banker would be faced with if a customer with incomplete references is allowed to operate an account with the bank

4b. State succinctly three of the requirements of negotiability of Negotiable Instruments

5a. Enumerate the five circumstances only under which a banker is justified in refusing payment of a cheque drawn on it

5b. Write short notes on the following types of mortgage

- i. Simple Mortgage
- ii. Anomalous mortgage

6. Enumerate and explain ten factors that can lead to bankruptcy in banking industry