



NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND,
LAGOS
SCHOOL OF MANAGEMENT SCIENCES
JANUARY/FEBRUARY 2013 EXAMINATION

BANKING AND INSURANCE I

LAW 431

INSTRUCTION:

Answer five questions in all

TIME:

3 Hours

1. With the aid of statutory and judicial authorities draw a distinction between a bank and a banker if any. Elucidate on who a banker is.

2. Mr. Tinko an ever busy successful businessman came to Success Bank to open an account. Mr. Tinko who has an appointment with a customer approached the security man, Cletus in the bank who agreed to assist him. Mr. Tinko filled an account opening form given to him by Cletus and handed over the sum of one hundred thousand naira to Cletus as first deposit. Mr. Tinko was instantly given an account number by Cletus. Two days after Mr. Johnson came to make further deposit and was told by the cashier that he does not have account with the bank.

Identify the legal issues and advise the parties.

3. Elucidate on the nature of the relationship between bank and customers on account holding. Your answer should be based on both judicial and statutory authorities.

4. Mr. Cain Jack opened two separate accounts in his name with United Trust Bank Ltd., in 2008 and 2009 respectively. In 2010, Mr. Jack took a loan of 50 million naira on the first account and in 2012 in order to foot his wedding ceremony with his fourth wife took another loan of 60 million naira on the second account. He eventually lost the election to his opponent. The debt is due for repayment. Mr. Jack has raised the sum of 50 million naira and has issued a cheque in favour of the bank with an instruction that it be used to deflate the second loan but the bank is of the stand that the repayment should be used to offset the first loan being the first to be obtained and the same amount.

a. Advise the parties on the above facts

b. Would your answer be different if no instruction was given by Mr. Jack?

5. Highlight the laws regulating the establishment of bank and banking business in Nigeria.

6. The relationship between bank and its customer can be terminated. What are the various ways of terminating bank-customer relationship?

7. Write short note on the following:

- a. Bill of exchange**
- b. Cheque**

8. Briefly discuss bank customer and banking business.

9. Highlight the duties of Bank and Customer to each other.

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