

**BINDURA UNIVERSITY OF SCIENCE EDUCATION**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BANKING AND FINANCE**

**BANKING LAW (BS 235)**

**DURATION: 3 HOURS**

**JUN 2024**

**INSTRUCTIONS TO CANDIDATES**

1. Answer any **four** questions altogether.
2. All questions carry 25 marks each.
3. Start answering each question on a new page.

**QUESTION ONE**

- a) Describe the three main sources of banking law in Zimbabwe. (6)
- b) Explain any four grounds upon which registration of a bank can be cancelled. (8)
- c) Compare and contrast the four classes of banking in Zimbabwe citing examples of bank names that fall under each class. (11)

**[25 marks]**

**QUESTION TWO**

- a) Explain the four objectives of banking law. (8)
- b) Explain the three main interests of a banker when dealing with a corporate customer. (6)
- c) With the aid of relevant cases, describe the customer of a bank. (11)

**[25 marks]**

**QUESTION THREE**

- a) Distinguish between suretyship and the contract of indemnity. (5)
- b) Explain the five advantages of negotiable instruments. (5)
- c) Discuss any seven aspects of the law of suretyship (15)

**[25 marks]**

#### QUESTION FOUR

i) X must pay various bills each month. He is considering a variety of payment mechanisms. Explain to X the nature of his/her obligations under the following payment mechanisms.

a) Credit cards. (10)

b) Stop orders. (5)

c) Debit orders. (5)

ii) Explain the methods of payment available to the parties to a contract of international sale. (5)

[25 marks]

#### QUESTION FIVE

a) The courts have described a fixed deposit as a loan to a bank repayable on a certain date (the maturity), usually bearing interest. Discuss the legal position where a customer needs the amount of a fixed deposit before the maturity date of the deposit. (10)

b) When a customer makes a deposit at a bank over the counter, he/she will receive a deposit slip, which amounts to an admission of receipt by the bank and as such would serve as an evidential advantage to the customer in the event of a dispute. Discuss in detail whether this is also the position in respect of autoteller deposits. (10)

c) Explain a central bank's function as bank of rediscount and also its function as lender of last resort. (5)

[25 marks]

#### QUESTION SIX

a) Standard Bank issued an ATM card to John, who is one of its clients. Two weeks after the ATM card has been issued to John, it was stolen and the thief made a number of unauthorized withdrawals with the card. Explain fully who bears the loss of these unauthorized withdrawals. (10)

b) Explain the legal nature of the relationship between the customer (the cardholder) and his/her bank in an Electronic Funds Point of Sale (EFPOS) transaction. (10)

c) Explain the liability of a bank for negligent advice. (5)

[25 marks]

**END OF EXAMINATION**