

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

BANKING LAW (BS 235)

DURATION: 3 HOURS

OCT 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.
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QUESTION ONE

- a) With the aid of relevant cases, describe a customer of a bank. (10)
- b) Discuss any aspects of the law of suretyship. (15)

[25 marks]

QUESTION TWO

- a) Discuss the main interests of a banker when dealing with a corporate customer. (10)
- b) State and explain the major objectives of banking law. (15)

[25 marks]

QUESTION THREE

- a) State and explain the main sources of banking law in Zimbabwe. (10)
- b) Discuss the grounds upon which registration of a bank can be cancelled. (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) Stop orders. (5)
 - b) Credit cards. (5)
 - c) Debit orders. (5)

- ii) Explain the advantages of negotiable instruments. (5)
- iii) Distinguish between suretyship and the contract of indemnity. (5)

[25 marks]

QUESTION FIVE

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

[25 marks]

QUESTION SIX

- a) Explain a central bank's function as bank of rediscount and also its function as lender of last resort. (10)
- b) 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. (15)

[25 marks]

END OF EXAMINATION