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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE DIPLOMA IN BANKING AND FINANCE

Date: 15th August, 2024
Time: 8.30am – 10.30am

DBF 1102 BRANCH BANKING LAW AND PRACTICE

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Differentiate between the following terms as used in branch banking:
- i) Chain banking and group banking (2 marks)
 - ii) Correspondent banking and agency banking (2 marks)
- b) Retail banking is different from wholesale banking in various ways, outline six advantages of retail banking over wholesale banking (6 marks)
- c) Unclaimed financial assets authority is State Corporation that is tasked with the mandates to manage unclaimed financial assets. Highlight five roles of Unclaimed Financial Assets Authority of Kenya (5 marks)
- d) Non-Kenyan banks are banks incorporated outside Kenya but operates in Kenya. Enumerate five requirements for a non-Kenyan bank to operate in Kenya (5 marks)
- e) Commercial banks are regulated by central bank but in some cases they can self-regulate themselves. Give the reasons why self-regulation may be deemed as good for regulations (5 marks)
- f) Elaborate three features of correspondence banking (5 marks)

QUESTION TWO (20 MARKS)

- a) Retail banking offers various products and services to their customers. Explain any three of such products and services (6 marks)
- b) Recently commercial banks have opened several branches in different parts of the country, why do you think commercial banks are focusing on retail banking (6 marks)
- c) Central bank of Kenya is mandated to oversee the operation of commercial banks. Explain the role of CBK in regulating branch (8 marks)

QUESTION THREE (20 MARKS)

- a) Recently imperial bank and chase bank collapsed. This caused a lot of panic in customers. In relation to this statement explain the following terms
- i) Bank panics (3 marks)
 - ii) Bank runs (3 marks)
- b) Banks have the role to play to ensure that customers do not withdraw a lot of money at the same time, Illustrate four ways in which the banks can prevent bank runs (8 marks)
- c) Discuss any three approaches to regulation of banking sector (6 marks)

QUESTION FOUR (20 MARKS)

- a) A bank holding company is a company that may be incorporated not necessarily but can have a subsidiary dealing in banking services. Highlight four requirements for bank holding companies in Kenya (4 marks)
- b) Explain any four monetary tools used by central bank in controlling amount of money in circulation. (8 marks)
- c) Explain the role of comptroller of currency in regulation of branch banking (4 marks)
- d) Kenya deposit Insurance Corporation instills confidence in depositors of commercial banks. Highlight the role of Kenya deposit insurance corporation (2 marks)

QUESTION FIVE (20 MARKS)

- a) Branch banking offers various services to its customers which includes debit and credit cards. Differentiate between a debit card and a credit card (4 marks)
- b) Wholesale banking refers to the services provided to large businesses, corporations and government entities. Highlight six features of wholesale banking (6 marks)
- c) Central bank of Kenya is tasked to set regulatory framework to ensure that commercial banks operate smoothly. Describe five goals of banking regulations (5 marks)
- d) Kenya bankers Association is an umbrella of banks that provides relevant information to its members. Highlight five importance of Kenya Bankers Association (5 marks)