



# THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

**A. M. E. C. E. A**  
**CITY CAMPUS**

P.O. Box 62157  
00200 Nairobi - KENYA  
Telephone: 891601-6  
Fax: 254-20-891084  
E-mail: academics@cuea.edu

**MAIN EXAMINATION**

**AUGUST - DECEMBER 2015 TRIMESTER**

**FACULTY OF COMMERCE**

**DEPARTMENT OF MARKETING AND MANAGEMENT**

**EVENING PROGRAMME**

**CMM 422: BANKING PRACTICE AND LAW**

**Date: DECEMBER 2015**

**Duration: 2 Hours**

**INSTRUCTIONS: Answer Question ONE and ANY OTHER TWO Questions**

- Q1. a) To what extent in your view is the current law in Kenya effectively fighting the menace of money laundering? Is it in tandem with the international standards in combating the vice? Give your reasons. **(10 marks)**
- b) Mwaura transferred the following cheques to Ouru, who took them in good faith and for value
- i A crossed cheque payable to Oloo or order where on Oloo's endorsement has been forged.
  - ii A cheque crossed "Not negotiable" payable to and endorsed by Mwaura who had obtained it from the drawer by fraud.
  - iii A cheque crossed "Account payee only" payable to many and endorsed by her.
- Mwaura who had no knowledge of the history of the cheques when they were transferred to him now asks you whether he has good title to them. Advice him. **(10 marks)**
- c) Explain the key functions of a Central Bank with reference to the Central Bank of Kenya. **(10 marks)**

- Q2. a) State and explain the canons of good lending. **(10 marks)**
- b) Explain the remedies of a mortgage on the default of a mortgage. **(10 marks)**
- Q3. Explain the key amendments made to the banking Act Cap 488 laws of Kenya pointing out what motivated the drastic changes to the banking legislation. **(20 marks)**
- Q4. The banking laws impose a duty upon banks to keep their customers' dealing confidential. Discuss the nature of the duty of confidentiality and its exceptions if any. **(20 marks)**

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