

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BANKING

BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING

LAW RELATING TO BANKING I

CIN 2103

FINAL EXAMINATION

DECEMBER 2004

INSTRUCTIONS TO CANDIDATES

- (i) Time : 3 hours.
- (ii) Answer **FIVE** Questions.
- (iii) Question **1** is compulsory.
- (iv) All Questions carry equal marks.
- (v) Cite cases properly

QUESTION 1 (COMPULSORY)

The Reserve Bank's failure to perform its duty to regulate monetary and fiscal policies led to the economic woes that Zimbabwe has just been going through. Discuss the legal regulatory framework that has been put in place to ensure the recovery of the economy.

[20]

QUESTION 2

The traditional banker – customer relationship has been influenced to a great extent by the Evolution in banking law, what would your argument be if one said the relationship can not exist in cases involving electronic banking? Should the relationship be redefined? **[20]**

QUESTION 3

You are a manager of Busy bank in the capital city. Zuze, a banking law student on attachment is attached at your bank, one of the duties he has to perform relates to negotiable instruments. He however has not had a good grasp of the subject and approaches you with the following problems:

- (a) The legal effect of a crossing “not negotiable” and how this relates to the concept of transferability of negotiable instruments. **[10]**

QUESTION 3 [CONT...]

- (b) Your bank has received a cheque that has been indorsed for payment. He is not sure as to what endorsement is. Please advise in both instances. [10]
TOTAL [20]

QUESTION 4

Discuss the meaning of the following terms:

- (a) Holder in due course [4]
(b) Contract of Aval [4]
(c) Partnerships [4]
(d) Appropriation, the rule in Clayton's case [4]
(e) Accommodation Party. [4]
TOTAL [20]

QUESTION 5

Describe and discuss the provisory of the Banking Act in Zimbabwe. [20]

QUESTION 6

Sihle is 16 years old and goes to High School. She is used to Mr Ndlovu a manager of a branch of Sisonke bank. Sihle obtains a loan from the bank because of her father's friendship with Mr Ndlovu. She is supposed to repay the loan within six months. After six months she is not able to pay. What would your advise to the bank be? [20]

QUESTION 7

Define and discuss **FOUR** of the following terms:

- (a) The rule in Clayton's case (Appropriation) [5]
(b) The Bailor/Bailee Relationship [5]
(c) A Bill of Exchange [5]
(d) The bank's duty of confidentiality [5]
(e) Drawer [5]
(f) Payee [5]
TOTAL [20]

END OF EXAMINATION PAPER

GOOD LUCK!!!!