

COVENANT UNIVERSITY

TUTORIAL KIT

PROGRAMME: BANKING AND
FINANCE

OMEGA SEMESTER

300 LEVEL



Raising A New Generation Of Leaders

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COVENANT UNIVERSITY, OTA
CANAANLAND, KM 10, IDIROKOROAD
P.M.B 1023, OTA, OGUN STATE, NIGERIA.

TITLE OF EXAMINATION: B.Sc. EXAMINATION
COLLEGE: BUSINESS & SOCIAL SCIENCE
SCHOOL: BUSINESS **SEMESTER:** OMEGA
DEPARTMENT: BANKING & FINANCE **CREDIT UNIT:** 3
SESSION: 2014/2015 **TIME:** 3 HOURS
COURSE CODE: BFN 321
COURSE TITLE: LAW, ETHICS & CORPORATE GOVERNANCE
INSTRUCTION: ANSWER ONLY FOUR (4) QUESTIONS. AT LEAST ONE QUESTION FROM EACH SECTION

SECTION: A

QUESTION ONE

- (a) The 2006 Code of Corporate Governance developed by the Central Bank of Nigeria for banks, post-consolidation made provisions for Code of Corporate Governance practice. Discuss **Six** of them. (8 ½ marks)
- (b). Briefly discuss **Six** factors that will influence ethical behaviour. (9 marks)

QUESTION TWO

- (a). How can we prevent unethical and financial malpractices in the banking industry?
(6 ½ marks)
- (b).What should be done to promote good corporate governance? Discuss **four** of them
(6 marks)
- (c).Briefly discuss the responsibility of banks towards **five** stakeholders. (5 marks)

SECTION B

QUESTION THREE

- (a) Ownership of an item (property) is limited to the extent to which such item does not infringe on others right, convenience and prevailing country/environmental law. Explain!
(5 marks)
- (b) Explain the maxim “**Quic quid plantaur solo cedit**” and who does it seek to protect?

(5 marks)

- (c) Compare the Land Tenure System in Northern Nigeria and the English Doctrine of Estate
(7^{1/2} marks)

QUESTION FOUR

- (a) Securities are tangible and intangible assets used by borrowers as collaterals for their borrowings. They act as the last hope of recovery should the project for which the loan was obtained fail. Thus if the project fails to repay the loan, then the security will be realised to pay back the loan. From the foregoing, mention the necessary precautions a banker must take when accepting security for loan.

(5 marks)

- (b) The basic rule is that neither the creditor (bank) nor the debtor (principal borrower) is under any legal duty to disclose facts to the prospective guarantor which might influence him against entering into the contract. If undue influence is proved, the guarantee may be set aside by the court.

Required: Explain what you understand by undue influence in the contract of guarantee and at what point can undue influence be proved. Mention five parties (relationships/situations) under which undue influence can be established.

(7^{1/2} marks).

- (c) Explain the Principle of Subrogation as it relates to the contract of guarantee and mention five (5) rights (types) of subrogation you know.

(5 marks)

SECTION C

QUESTION FIVE

It has been established as a principle of law, that “he who acts through another acts for himself.” However, the relationship has legal consequences for the one who has created it as well as the other who agreed to the arrangement. In the light of this assertion, you are required to provide answers to the following issues:

- (a) Critically, describe the relationship referred to in the above statement, whilst emphasizing the legal status or nature of the relevant parties in the relationship?

(6 Marks)

(b) State at least three (3) legal consequences that is associated with the relationship you have described in (a) above? **(3 Marks)**

(c) Describe at least two (2) benefits of the legal relationship you have described in (a) above? **(4 Marks)**

(d) In your view, can bankers be regarded as agents? Support your answer with constructive and valid arguments, bearing in mind the peculiarities of the banker-customer relationship in Nigeria. **(4.5 Marks)**

QUESTION SIX

The law defines and regulates various contractual relationships in specific respects, so as to ensure that the parties honour the agreements they have entered into. Thus, you are required to provide critical and constructive answers to the following questions in order to promote a better understanding of partnership, within Nigeria's commercial context?

(a) Distinguish a legal partnership from any social arrangement or relationship of your choice? **(5.5 Marks)**

(b) Explain at least two (2) ways by which a partnership can be created on the one hand and also brought to an end on the other? **(4 Marks)**

(c) Describe three (2) sources of law that the courts have adopted to resolve issues that may manifest from a partnership relationship? **(4 Marks)**

(d) In what two (2) ways are partnerships beneficial to Nigeria's commercial context, bearing in mind that it is a legal platform for conducting business affairs? **(4Marks)**

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TITLE OF EXAMINATION: B.Sc. Degree Examination

COLLEGE: Business and Social Sciences

SCHOOL: Business

DEPARTMENT: Banking and Finance

SESSION: 2014/2015

SEMESTER: OMEGA

COURSE CODE: BFN 324**CREDIT UNIT:** 3

COURSE TITLE: Comparative Financial System

INSTRUCTION: Attempt TWO Questions in each Section **TIME:** 2½ Hours.

Section A

1. "Experience in some countries has shown that banks, if sufficiently adapted to their respective countries' needs, could serve as engine of growth to greatly assist the promotion of rapid economic transformation of a nation" (Ojo, 2010, p.19).
 - a. Discuss the statement to bring out the salient issues
 - b. Compare the above noted performance of banks role in the promotion of rapid economic transformation in Nigeria *vs* a *vs* in Germany or Japan.

2.
 - a. What are the main features considered important in determining the independence of a central bank based on your knowledge of central banking in the European financial system.
 - b. To what extent would you assess the Central Bank of Nigeria to be independent?
 - c. Which aspects of the European Central Banking System in (a) above would you like to recommend for Nigeria to adopt.

3.
 - a. Show four main features of maladaptation of the Nigerian financial system, compared with any other financial system you have studied.
 - b. Show the relevance of the Japanese '*keiretsu*' model in developing the small and medium enterprises in Nigeria.

Section B

4. Explain the features of the different types of financial institution regulation frameworks that you have studied. Providing very strong reasons, which particular type would you recommend for adoption in Nigeria at this time?

5.
 - a. Explain the concept of unit banking as opposed to branch banking. Account for the reasons for the prevalence of unit banking system in the United States.
 - b. Identify the problems of Savings and Loans Association in the United States, how were these problems brought under control unlike the case in Nigeria?

6. Writ briefly on the following financial developments and operations in the countries concerned, comparing with similar institutions and thereafter make use suggestions on any useful aspects that can be adopted in Nigeria.

- a. Pensions Administration in Chile.
- b. Factors that fostered the development of portfolio institutions in a financial system such as in the United Kingdom.

BFN 321 MARKING GUIDE

- (1) It has been established as a principle of law, that “he who acts through another acts for himself.” However, the relationship has legal consequences for the one who has created it as well as the other who agreed to the arrangement. In the light of this assertion, you are required to provide answers to the following issues:
- (e) Critically, describe the relationship referred to in the above statement, whilst emphasizing the legal status or nature of the relevant parties in the relationship? (6 Marks)
- The relationship referred to above is one of agency created by the principal who by way of express or implied agreement authorizes the agent to act on his behalf with respect to transaction with third parties. It is widely utilized by various business concerns in light of its inherent practicalities to achieve the objectives of the relevant parties over the short, medium and long term. It is however noteworthy that agency is one of the notable exceptions to the doctrine of privity of contract.**
- (f) State at least three (3) legal consequences that is associated with the relationship you have described in (a) above? (3 Marks). **It creates a legal, bipartite and tripartite contractual relationship. The principal is bound by the actions of the agent in light of the agency agreement.**
- (g) Describe at least two (2) benefits of the legal relationship you have described in (a) above? (4 Marks). **Facilitates diverse commercial transactions by saving time and mitigating the challenges associated with distance and proximity of location. It also helps to stimulate business in light of the layers of contractual obligations associated with the arrangement.**
- (h) In your view, can bankers be regarded as agents? Support your answer with constructive and valid arguments, bearing in mind the peculiarities of the banker-customer relationship in Nigeria. (4.5 Marks). **Bankers can readily be regarded as agents but within the ambit of the stipulations of the underlying banker customer relationship as regards the circumstances of case. Hence, the manifestation of agency functions of the bank in relation to the customer is only as fluid as the peculiarities of the prevailing banker-customer relationship permits. These would usually cover the obligation of the bank to honour payee cheques, keep safe custody of customers funds which have been duly deposited, payment of bills and charges on behalf and according to customers instructions amongst others envisaged in the relationship.**
- (2) The law defines and regulates various contractual relationships in specific respects, so as to ensure that the parties honour the agreements they have entered into. Thus, you are required to provide critical and constructive answers to the following questions in order to promote a better understanding of partnership, within Nigeria’s commercial context?
- (e) Distinguish a legal partnership from any social arrangement or relationship of your choice? (5.5 Marks). **It is a business relationship forged for the purposes of executing an identified or series of transactions. The element of profit is integral to a partnership as well as the sharing of**

associated profits and losses in a predetermined manner. Regulated by law and creates binding obligations on the parties involved in such an arrangement. This sets a partnership apart from any informal or social relationships which may be forged for reason, purposes or underlying intentions.

- (f) Explain at least two (2) ways by which a partnership can be created on the one hand and also brought to an end on the other? (4 Marks). Express Agreement (oral and by deed), Death of partners, completion of the partnership project, bankruptcy, court order.**
- (g) Describe three (2) sources of law that the courts have adopted to resolve issues that may manifest from a partnership relationship? (4 Marks) Relevant Statutory sources, judicial precedents and legal text books materials.**
- (h) In what two (2) ways are partnerships beneficial to Nigeria's commercial context, bearing in mind that it is a legal platform for conducting business affairs? (4Marks). Partnerships serves as a good template for start-up as well as growing businesses and covering different spheres to conduct their affairs according to stipulated provisions, from commencement to termination. It is relatively easy to adopt and the cost of registration is not as expensive as incorporating a company. Hence, the accessibility of the model will help to stimulate emergence of small and medium scale businesses which may develop into more established or mature organizations in future.**

BFN 324: Comparative Financial System

Marking Guide

1. (a) Discussion of the statement on the potential role of sufficiently adapted banks in greatly assisting in the rapid economic transformation of nation...
9 Marks
- (b) Comparison of the noted performance of banks' role in Nigeria vis-a vis in Germany or Japan
8 ½ Marks

17 ½ Marks

2. (a) Main features considered important in determining the independence of a central bank, with reference to central banking in the Euro system....
6 Marks
- (b). To show the extent of CBN independence
5 ½ Marks
- (c) Recommendation of some aspects of the European Central Banking System in (a) for adoption in Nigeria
6 Marks

17 ½ Marks

3. (a) To show four main features of maladaptation of the Nigerian Financial System, compared with any other financial system
10 Marks
- (b) To show the relevance of the Japanese Keiretsu model in developing the SMEs in Nigeria
7 ½ Marks

17 ½
