



ASSOCIATESHIP EXAMINATION
LEVEL II
LAW RELATING TO BANKING
[OLD SYLLABUS]
APRIL 2025

N.B.

- 1. Read carefully the instructions on the cover of the answer booklet.**
- 2. Answer ALL questions in Section A and any TWO in Section B.**
- 3. Section A carries 60 marks and Section B, 40 marks.**
- 4. Where questions are subdivided, the marks for the subdivisions are shown in brackets at the end of the question.**
- 5. No aids such as calculators, books, dictionaries, papers or mathematical sets are permitted in this examination.**
- 6. Time allowed: THREE HOURS**
- 7. Candidates must ensure that they answer questions in the appropriate answer booklets and NOT on loose sheets which may be used as supplementary sheets. Such answers will not be marked.**
- 8. DO NOT WRITE YOUR NAME ON THE ANSWER BOOKLET.**
- 9. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

SECTION A – ANSWER ALL QUESTIONS

(EACH QUESTION CARRIES THREE MARKS. TOTAL MARKS IS 60.)

1. Section 3(1) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) confers on the Bank of Ghana supervisory and regulatory authority in all matters relating to deposit-taking business. In furtherance of this, the Act imposes some responsibilities on the Bank of Ghana. List any **three (3)** of these responsibilities.
2. An applicant for a banking licence must submit an application, in writing to the Central Bank, for the licence. The application must be accompanied by some documents and information outlined under section 7(2) of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930). State any **three (3)** of these documents or information.
3. The Bank of Ghana may revoke the licence of a bank or specialised deposit-taking institution after going through specific processes outlined under section 16(3) of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930). State the processes.
4. The Banker/Customer contract is terminable by operation of law. List and briefly explain three (3) events that will terminate the banker/customer contract by the operation of law.
5. Ama Poki deposited a box with your Branch that contains jewellery. She has a joint account with her husband Kwame Poki at your Branch with the mandate “Either to sign”. Under the **contract of bailment**, the box was to be released only to her or to anyone with her valid authority. While you were on leave, your Operations Manager released the box to Mr. Kwame Poki, who told the Operations Manager that the mandate on the joint account covers the box in safe custody. Mrs. Ama

Poki, who was going through divorce proceedings, threatens to sue the bank. What will you do?

6. The relationship between a banker and his customer may be described as that of a Principal and Agent. State and briefly explain three (3) circumstances that give rise to the Principal/Agent relationship between a banker and a customer.
7. With the aid of decided cases, state the four (4) Common Law exceptions to the Banker's duty of confidentiality owed to the customer?
8. a. What is a "Bankers' Lien"? [2 marks]
b. With the aid of the Common Law, state and briefly explain two (2) instances when the "Bankers' Lien" shall not apply. [1 mark]
9. Ama Serwaa, a customer of your Branch, is travelling abroad for holidays. She wants to grant her 16-year-old son, Mason Mount, a "power of attorney" to operate her account while she is abroad. Can Mason Mount be appointed as an attorney?
10. a. What is 'Agency by estoppel'? [1.5 marks]
b. How does an agency by estoppel arise? [1.5 marks]
11. Short Bobby was the only surviving child of his late father Tall Bobby. He was bequeathed a large sum of pecuniary legacy by his deceased father. He calls at the East Legon Branch of the National Agricultural Bank (NAB) PLC and asks if the Branch Manager could be his investment advisor to which the Branch Manager answered in the affirmative. Upon the Branch Manager's advice, Short Bobby invested all the money in the preference shares of a company which was also a customer of the East Legon Branch of NAB PLC. The investment turned out to be a

very risky one and Short Bobby lost all the money he invested. He sued NAB for negligence. Explain whether or not Short Bobby will be successful in court.

12. Under section 5(2) of the Incorporated Private Partnership Act, 1962 (Act 152), the Registrar can refuse to register a Partnership under certain circumstances. What are these circumstances?

13. What are the main features of a company limited by guarantee?

14. a. Who is a collecting banker? [2 marks]

b. When is the collecting banker deemed to have discharged his duties to a customer whose cheque has been collected and processed through the clearing system?

[1 mark]

15. In the drawing and paying of cheques, the customer owes only two duties to the Banker. With the aid of decided cases, state and briefly discuss these two duties.

16. What are the main features of a customary freehold interest in land?

17. What are the main features of joint tenancy in the Co-ownership of land?

18. a. What is the concept of 'Age admitted' in Life Policy? [2 marks]

b. Why is it important to a lending banker who wants to accept an assignment over Life Policy? [1 mark]

19. What constitutes valuable consideration for a cheque within the meaning of section 25(1) of the Bills of Exchange Act, 1961 (Act 55)?

20. With the aid of decided cases, explain the concept of '*Non est factum*' as a vitiating factor in bank guarantees.

SECTION B (TOTAL: 40 MARKS)

ANSWER ANY TWO QUESTIONS FROM THIS SECTION (ALL QUESTIONS CARRY EQUAL MARKS)

QUESTION 1

Emma Mount is your octogenarian customer, who has banked with your Airport City Branch. since she was 35 years. Assisting her in her home was the Ananse family consisting of **Kweku Ananse**, her driver and gardener, **Okonore Yaa Ananse**, her cook, and **Tikelenkelen Ananse**, who ran errands for her. By the arrangement Emma Mount had with your bank, her monthly bank statement, with all cheques paid within the month, are always sent to her at home by the Branch Manager. This practice began when Emma Mount expressed some doubts about some transactions that occurred on the account when her sister, Lizza Mason, was operating the account for her under a power of attorney. That power has since been revoked and Emma Mount commenced operating the account herself. As a result of her old age, she usually sent Kweku Ananse to the Bank for all her banking transactions. Over the past two years, two successive Branch Managers of the Branch had, during their regular monthly visits, drawn the attention of Emma Mount to the fact that her signature appeared to have changed and that she appeared to have been drawing cheques more regularly than she had done in the past. On all occasions that these discussions came up, Emma Mount had insisted that the signatures were her's and that the withdrawals were for household expenditure and medication. All attempts to let her examine the signatures on the cheques carried along by the two Branch Managers proved futile. Two months ago, Emma Mount's son, Dr. Ivan Mount, who had examined the bank statement of the mother, concluded that the Bank had paid cheques forged by the Ananses. Kweku, Okonore Yaa and Tikelenkelen Ananse had been prosecuted and jailed. Emma Mount now sues your Bank for paying 50 cheques totalling GHC 450,000 on forged signature. Has the Bank a defence to this suit?

(20 Marks)

QUESTION 2

- a. With the aid of statute and decided cases, explain the separate “legal personality” principle in Company Law and its implications for Limited Liability Companies.
(10 Marks)
- b. What are the processes a company must go through in altering its objects or business?
(10 Marks)
- [Total = 20 Marks]

QUESTION 3

- a. When is a cheque deemed to be validly negotiated?
(5 Marks)
- b. What is endorsement in cheque operations and what purpose does it serve? (5 Marks)
- c. With illustrative examples, state and explain the four (4) types of endorsement in cheque operations.
(10 Marks)
- [Total = 20 Marks]

QUESTION 4

- a. i. What is “Director Share Qualification”?
(2 Marks)
- ii. What effect does it have on a Legal Mortgage over Stocks and Shares? (8 Marks)
- b. State any **four (4)** advantages of an Equitable Mortgage over Stocks and Shares.
(4 Marks)

- c. State any **six (6)** disadvantages of a Legal Mortgage over Stocks and Shares.

(6 Marks)

[Total = 20 Marks]