



**CHARTERED INSTITUTE OF BANKERS (GHANA)**  
**ASSOCIATESHIP EXAMINATION**  
**LEVEL I**  
**PRINCIPLES OF BANKING LAW**  
**APRIL 2016**

**N.B:**

1. Read carefully the instructions on the cover of the answer book.
2. Answer **QUESTION ONE** and any other **FOUR** questions.
3. CANDIDATES MUST SATISFY THE EXAMINER IN **QUESTION ONE** BY ACHIEVING A MINIMUM OF **14 MARKS IN ORDER TO PASS THE PAPER.**
4. All questions except **QUESTION ONE** carry equal marks.
5. Time allowed: **THREE HOURS.**
6. Candidates must ensure that they answer questions in the appropriate answer book and **NOT on loose sheets** which are used only as supplementary sheets. Such answers will not be marked.
7. **DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
8. **DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

### QUESTION 1

- a. What is a cheque? **(6 marks)**
- b. Explain the various types of crossing on a cheque and their effect. **(8 marks)**
- c. Give four circumstances in which the authority of a Banker to pay cheques may be revoked or determined. **(8 marks)**
- d. Why is a Banker's draft not a cheque? **(6 marks)**

### QUESTION 2

- a. Examine the following maxims of Equity
  - i. Equality is Equity. **[6 Marks]**
  - ii. Equity will not suffer a wrong to be without a remedy. **[6 Marks]**
  - iii. He who comes into Equity must come with clean hands. **[6 Marks]**

### QUESTION 3

- a. Name the Superior Courts of Judicature in Ghana. **[3 Marks]**
- b. Describe the original jurisdiction of the highest court. When is it said to be duly constituted. **[9 Marks]**
- c. In what manner is a court of competent jurisdiction obliged to interpret a provision of the Constitution or any other law. **[6 Marks]**

#### QUESTION 4

- a. State the differences between an executor and an administrator as personal representatives of a deceased.  
[10 Marks]
- b. How may a will be revoked.  
[8 Marks]

#### QUESTION 5

- a. State the difference between a Private Limited Liability Company and a Public Limited Liability Company  
[9 Marks]
- b. Briefly describe how a Private Limited Liability company may be converted into a Public Limited Liability Company.  
[9 Marks]

#### QUESTION 6

- a. i. Who is a customer of a bank?  
ii. What is the basic relationship between a bank and its customer?  
[10 Marks]
- b. What rights does the bank have in relation to its customers' account?  
[8 Marks]

**QUESTION 7**

a. Explain the following

i. A second mortgage

**[5 Marks]**

ii. A sub-mortgage

**[5 Marks]**

b. A borrowed GHS600,000.00 from **XYZ Bank Limited** secured with his house at East Legon. A has defaulted in the payment of the money. What options are available to the bank and which would you recommend to the bank for the recovery of its money?

**[8 Marks]**

**QUESTION 8**

a. Explain the term Contributory Negligence.

**[9 Marks]**

b. Distinguish between Conversion and Detinue.

**[9 Marks]**