



**CHARTERED INSTITUTE OF BANKERS (GHANA)**

**ASSOCIATESHIP EXAMINATION**

**LEVEL II**

**LAW RELATING TO BANKING**

**JULY 2020**

**N.B:**

1. Read carefully the instructions on the cover of the answer book.
2. Answer ALL questions in Section A and any TWO in Section B.
3. Section A carries 60 marks and Section B, 40 marks. Where questions are subdivided, the marks for the subdivisions are shown in brackets at the end of the question.
4. No aids such as calculators, books, dictionaries, papers, mathematical sets or slide rules are permitted in this examination.
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 supplementary sheets. Such answers will not be marked.
7. DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.
8. DO NOT OPEN THIS QUESTION BOOK UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.

**SECTION A. (ANSWER ALL QUESTIONS)**

- (1.) Does it matter whether or not a person with some dealings with a bank is deemed a customer within the banker /customer relations?
- (2.) To what extent can it be said that Woods v. Martins Bank & Another expanded the scope of the bank customer?
- (3.) How can the case Redmond v Allied Bank 1987 help you to refute the claim of your customer who is accusing you for not advising her on accepting a not negotiable crossing on a cheque from her clients?
- (4.) State the principles outlined in **London Joint Stock Bank V MacMillan & Arthur**.
- (5.) What is the relevance of the case law Hedley Byrne & Co Ltd .V. Heller and Partners Ltd 1963 for a negligent bankers opinion?
- (6) State the principles in the Rule in Clayton's case ( Devayes V Noble) guiding how payment into a debt account must be appropriated.
- (7) . With the aid of a decided case, state the principles of a Bankers right of set -off (Combination of accounts)
- (8) The Banker/Customer contract can be terminated by operation of law. State the circumstances.
- (9) If from my words and conduct I make it appear to all that you are my agent ,explain the type of the Agency situation that I would be creating .
- (10) With the aid of decided cases state the necessary conditions for a successful Agency by Necessity situation ?
- (11) Under the Incorporated Private Partnership Act 1962 (Act 152). What is the status of a firm in Ghana.?
- (12) What are the 3 conditions under which a partnership firm may be wound up.
- (13) State the fundamental principles, of separate existence quite distinct from that of its directors and members as espoused in Salomon v Salomon & Co Ltd.
- (14) In what situation is a company deemed to have been carried on with intent to defraud creditors?
- (15) Distinguish between (a) Freehold and (b) Leasehold as two distinct estates in land in Ghana.
- (16) Why would a bank insert a continuing security clause as a principal clause in a bank guarantee form?

- (17) "A contract of Insurance is a contract Uberrimae fidei". Explain this statement.
- (18) State the principles in Deale.v. Hall 1828 regarding assignment of life policies.
- (19) Distinguish between (a) Bonus issue (b) Rights issue
- (20) State the institutions that come under the regulation of The Banks and specialized Deposit Taking Institutions Act 2016(Act 930)

**(Total Marks: 60)**

**SECTION B (ANSWER ANY TWO QUESTIONS)**

**QUESTION TWO**

With the aid of decided cases, explain the banker customer relationship and the duties of the customer in the relationship.

**(20 Marks)**

**QUESTION THREE**

Explain the differences between the following:

- (a) Preference shares and equity shares
- (b) Public and private limited liability companies.
- (c) Fixed charge and floating charge.
- (d) Fraudulent trading and preferences.

**(5 Marks)**

**(5 Marks)**

**(5 Marks)**

**(5 Marks)**

**(Total Marks: 20)**

**QUESTION FOUR**

- (a) What is undue influence?

**(5 Marks)**

- (b) Explain the conditions under which a claim of undue influence on guarantees provided to a bank on behalf of a customer can succeed.

**(10 Marks)**

- (c) How can a bank overcome undue influence under Question 4(b)?

**(5 Marks)**

**(Total Marks: 20)**