

**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCED DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: ADVANCED BANKING LAW (AD318)**

**Date: Monday, 17th November 2014**

**Time Allocated: 3 hours (13:30 – 16:30 hours)**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks.

Answer **ALL** questions.

3 Section B consists of 4 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination, you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer books without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section.

**QUESTION 1**

Define a bank, using reference to cases and Legislation (i.e. An Act of Parliament).

**(Total 15 marks)**

**QUESTION 2**

Identify the ‘Know Your Customer’ procedures that must be followed by a bank in its cross-border correspondent banking as per the Money Laundering and Proceeds of Serious Crime and Terrorist Financing Act, 2006. (*15 marks*)

. (**Total 15 marks)**

**QUESTION 3**

Don Phiri is a member of the ruling party and wants to open an account at your bank. What are the Know Your Client Obligations of a bank your bank has to comply with before opening the account and after opening the account? **(Total 15 marks)**

**QUESTION 4**

Write brief notes on the following:

1. Post dated cheque. *(5 marks)*
2. Cheque truncation. *(5 marks)*
3. Countermand of a cheque. (*5 marks)*

***(*Total 15 marks)**

**SECTION B** **(40 MARKS)**

Answer **ANY TWO** questions from this section

**QUESTION 5**

Explain the following objects of the Reserve Bank of Malawi;

1. To maintain external reserves so as to safeguard the inter-national value of the Malawi currency*. (5 marks)*
2. To promote a money and capital market in Malawi. *(5 marks)*
3. To act as lender of last resort to the banking system. *(5 marks)*
4. To supervise banks and other financial institutions *(5 marks)*

**(Total 20 marks)**

**QUESTION 6**

Rambele has an Auto Teller Machine Card from his bankers, namely Swift & Swift Bank. The ATM is compatible for use on Auto Teller Machines of all the other banks. Rambele is failing to withdraw funds from Zochedwa Bank’s Auto Teller Machines. Rambele has gone inside Zochedwa Bank to enquire about his bank balance on the account. The officers at Zochedwa Bank have refused to assist him stating that he is not their customer. Advise Rambele on his status. **(Total 20 marks)**

**QUESTION 7**

The Malawi Revenue Authority has written Chinsinsi Bank to provide the bank statements of Mrs. Zofuna who is widely reported in the local media of fraudulent activities. Advise the bank on their obligations to Mrs. Zofuna and the Malawi Revenue Authority.

**(Total 20 marks)**

**QUESTION 8**

What are the conditions that the Reserve Bank of Malawi will consider before it issues a banking license?  **(Total 20 marks)**

**END OF THE EXAMINATION PAPER**