



**NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2020_1 EXAMINATION**

COURSE CODE: BFN308

CREDIT UNIT: 3

COURSE TITLE: BANKING METHODS AND PROCESSES.

TIME ALLOWED: 2 ½ HOURS

INSTRUCTIONS:

- 1. Attempt question number one (1) and any other three (3).**
 - 2. Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each. Present all your points in coherent and orderly manner.**
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Q1.

- (a) There cannot be a modern economy without banking. Explain, and expatiate highlighting the roles of banks in a modern economy.
(10 Marks)
- (b) Banks may be classified into four basic types: Central Banks, Commercial (retail) banks, Merchant/Investment (wholesale) banks and others. Highlight the differences among these types of banks and explain their roles/functions in modern economies.
(15 Marks)

Q2.

- (a) Distinguish between methods of payments and means of payments.
(3 Marks)
- (b) During the metamorphosis of money, different methods of payments as well as means of payments have evolved.
List and explain four (4) methods as well as Four (4) means of payment that have been used in the past and/or are still being used today. **(9 marks)**
- (c) What do you understand by Cryptocurrency? **(3 Marks)**

Q3a E-banking seems to have become a generic term to describe so many type of information, communication and technology (ICT) enabled payment. Distinguish among the followings giving their basic characteristics, advantages and disadvantages over one and other. **(5 marks)**

b. Define the following electronic banking.

- (i) Internet Bank (ii) Electronic funds (EFT) (iii) Automatic teller machine (ATM)
- (iv) Western union money transfer. **(10 Marks)**

Q4. Write brief but very explanatory notes on any three of the followings.

- (i) Standing Order
- (ii) Remittance Account
- (iii) Foreign Currency Domiciliary Account
- (iv) Bank Draft
- (v) Cheques to be Paid
- (vi) Overdraft.

(15 Marks)

Q5. What roles do these organizations/institutions play in the Nigerian financial system in particular and the economy in general.

- (a) NDIC (b) Discount Houses (c) Bank of International Settlement (BIS).

(15 Marks)

Q6. An Egyptian lady, whose father is on a five year lecturing contract with a university in Abuja, has requested to open a personal current account with your bank. List the items you would request of her; explaining to her why each item is necessary.

(15 Marks)