MODEL QUESTION – SET 4

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JAIBB

Laws and Practice of General Banking (LPGB)

Subject Code : 1 0 4

Time—3 hours

Full marks—100

Pass marks—45

[N.B. The figures in the right margin indicate full marks. Answer the questions as mentioned in different parts.]

Part A—Broad Questions

(Answer any two questions)

Marks—20×2 = 40

1. *(a)* You are in the 'Account Opening' department. Three prospective customers approach you: Mr. A, sole proprietor of AB Traders; Mr. B, Managing Director of CD Services Ltd.; and Mr. C, Chairman of EF Co-operative Society. What types of accounts would you suggest for each, and what documents would each need to provide? **4+6=10**

(b) Mr. Kabir maintains a current account with your branch. His son informs you that Mr. Kabir has suffered a stroke and cannot sign. He wants to withdraw BDT 75,000 urgently for his father's treatment. As a Branch Manager, how would you deal with the situation? **10**

2. *(a)* What is a Power of Attorney? Distinguish between a General Power of Attorney and an Irrevocable Power of Attorney. **4+6=10**

(b) Mr. Tanvir and Mr. Rafi maintain a joint savings account with your branch payable to either or survivor. Mr. Tanvir dies, and his heirs claim 60% of the balance. As a manager, what steps would you take? **13**

3. *(a)* Who is a minor according to the Majority Act, 1875? What kinds of contracts can and cannot a minor validly enter into? **2+5=7**

(b) Who is a walk-in customer? Write the responsibilities of a banker in dealings with a walk-in customer. **3+10=13**

4. *(a)* Define negotiable instruments and their characteristics. Would you consider the following negotiable instruments? Give reasons: (i) Railway Receipt (ii) Life Insurance Policy (iii) Debenture (iv) Promissory Note. **4+6=10**

(b) What is payment in due course? Distinguish between "Holder for Value" and "Holder in Due Course." **4+6=10**

Part B—Mathematical Problem

(Answer any one question)

Marks—10×1 = 10

5. A customer wants to know the exact interest payable on an FDR of BDT 15.00 lakh for a tenure of one year. Assuming the current interest rate on fixed deposits is 8.5% per annum, calculate the exact amount of interest payable at maturity.

6. Mr. Kamal obtained a term loan of BDT 12,00,000 from a commercial bank at an interest rate of 10.5% per annum, repayable in EMI over 6 years. Calculate:

(a) The EMI amount payable.

(b) The total interest payable.

Part C—Problem Solving

(Solve any one case)

Marks—20×1 = 20

7. Case-1: Nominee vs Legal Heir Dispute After Death of Account Holder

Review the following case study and answer the questions that follow.

Background: Mr. Aminul Islam, a retired bank official, maintained a savings account with your branch. He nominated his second wife, Mrs. Shirin Islam, who had no children of her own, and they lived together along with his two children from his first marriage. His first wife, Mrs. Mahmuda Islam, predeceased him in 2018. Mr. Aminul died at the age of 70. A month later, his two children reported the death in writing to the branch. Subsequently, Mrs. Shirin Islam approached the branch with her lawyer and applied for the entire account balance to be transferred to her personal account, citing her status as the registered nominee.

(i) Explain the legal status of a nominee under banking law — does nomination override succession law? **5**

(ii) Discuss the branch manager's obligations upon receiving competing claims from the nominee and the legal heirs. **5**

(iii) What documentation should the bank require before disbursing the balance? **5**

(iv) Advise the branch manager on the appropriate next course of action. **5**

8. Case-2: Settlement of a Dormant Account With Disputed Heirship

Review the following case study and answer the questions that follow.

Background: There is a savings account at your branch in the name of Mr. Nurul Amin and Mrs. Selina Amin, payable to either or survivor. The account has remained dormant since 2016. In March 2026, Mr. Rashed Amin, aged 24, claiming to be the only son of Mr. Nurul Amin, approaches the branch and informs you: he holds an old statement of the account; his mother Selina Amin died in 2014; his father left home in 2011 and has been missing since then; and there is also a safe deposit locker in their name, the key to which cannot be found. He requests payment of the account balance and delivery of the locker contents.

(i) Define dormant account and explain the precautions the bank should take in dealing with it. **5**

(ii) What legal and procedural requirements must be satisfied before releasing the balance to Mr. Rashed Amin? **5**

(iii) How should the bank handle the request regarding the safe deposit locker in the absence of the key and one joint holder? **5**

(iv) What indemnity or documentation should the bank obtain before making any payment? **5**

Part D—Understanding Terminology

(Answer any five questions)

Marks—2×5 = 10

9. Compare and contrast between any five of the following:

(a) Joint Stock Company vs Co-operative Society **2**

(b) Introducer vs Nominee **2**

(c) Drawing Power vs Power of Attorney **2**

(d) Cheque vs Bank Draft **2**

(e) ATM vs POS **2**

(f) Primary Security vs Collateral Security **2**

(g) Pay Order vs Bank Draft **2**

(h) Traveller's Cheque vs Circular Letter of Credit **2**

Part E—Short Questions

(Answer all the questions)

Marks—2×10 = 20

10. Briefly answer the following:

(a) Why is introduction necessary for opening an account? **2**

(b) What formalities are needed to open the account of a Co-operative Society? **2**

(c) What is a Power of Attorney? **2**

(d) What precautions should a banker take when opening the account of a Politically Exposed Person? **2**

(e) What is meant by "either or survivor" mandate? **2**

(f) Can an illiterate person open a bank account? **2**

(g) What is a stale cheque? **2**

(h) What is a half note? **2**

(i) Define financial literacy. **2**

(j) What documents are required to obtain a duplicate FDR? **2**