

LEAD CITY UNIVERSITY
Faculty of Social and Management Sciences
Department of Finance & Accounting



COURSE PARTICULARS

Course Code: ACC 215

Course Title: Law of Banking and Ethics

No. of Units: 2

Status: Elective

LECTURERS' DETAILS

Name: Olu Ojedokun

Qualifications: Ph.D

Phone: 0815 33 44 265

E-mail: Employlawone@aol.com

Area of Specialization: Business Law, International Law, International Political Economy, Transitional Justice

COURSE DESCRIPTION

The Course is designed basically to examine the legal framework for the operation of banks and some other financial institutions in Nigeria. Nature and legal effects of negotiable instruments, including cheques, promissory notes, bills of exchange, etc., negotiability and assignability; endorsement and delivery; presentment and notice of dishonor, Banking.^[1] The Course is also designed basically to examine the negotiable instruments used in the course of banking. Also, some of the reforms in the banking industry in Nigeria will be examined.

COURSE OBJECTIVES

The general overall objective of the course is to introduce students to the legal framework regulating banking business in Nigeria. Very importantly, the basic principles and modalities of banking will be introduced to the students.

Therefore, at the end of the course, the students should be able to:

- understand the historical development of banking in Nigeria;
- understand the general principles of banking;
- appreciate the legal framework within which banks and other financial institutions in Nigeria carry out their operations;
- know the various categories of institutions operating within the banking and sub banking sectors in Nigeria;
- appreciate the supervisory and regulatory roles which the Nigerian laws have placed on the apex bank i.e the Central Bank of Nigeria. vis-à-vis the other banks.
- The students should be able to understand what negotiable instruments are.
- The students should also be able to appreciate legal issues on negotiability and assignability.
- The students should be able to understand the legal effect and use of cheques, promissory notes, bills of exchange and other kinds of negotiable instruments.
- The students should be able to appreciate and understand the re-capitalisation process and its impact on the Nigerian banking industry.
- The students should be able to understand and appreciate some of the landmark reforms which the Nigerian government has made in banking.

ASSESSMENT

Class Attendance: 5 Marks

Test(s) 25 Marks

Final Examination 70 Marks

LECTURE PLAN

Weeks	Topics
Week 1	History of Early Money and Money Economy/Banks and Banking System
Week 2	Structure of Banks and Banking in Nigeria
Week 3	Various Types of Bank Account
Week 4	Laws regulating Banking in Nigeria
Week 5	Banks and Other Financial Institutions Act
Week 6	Banker-Customer Relationship/Termination of Banker-Customer Relationship

Week 7	Central Bank of Nigeria
Week 8	Money transmission and its legal mechanism
Week 9	Implications of the Banking Reforms
Week 10	Micro finance Banks (MFBS) in Nigeria
Week 11	Negotiable Instruments
Week 12	Money transmission and its legal mechanism
Week 13	Bills of Exchange and Promissory

READING LIST

Reading List: -

1. Goldface-Irokalibe, I.J., *Law of Banking in Nigeria* (Malthouse Press Limited, 2007).
 2. Afolabi, L., *Law and Practice of Banking* (Heinemann Educational Books (Nigeria) Plc., 2005)
 3. Cranson, R., *Principles of Banking Law* (Oxford University Press, New York, 1997).
 4. Milnes Holden, J., *The Law and Practice of Banking* (Pitman Publisher 1996) .
 5. *Law of Banking Services – The Principles*, (Billing & Sons Ltd., Worcester 1991).
 6. Tugbiyele, T.A.O., *Law of Banking* (T.A.O., Tughiyele & Co. Lagos, 2007)
 7. Olakanmi & Co., *Banks & Other Financial Institutions Act 1991 (BOFIA) & Central Bank of Nigeria Act, 2007* (LawLords Publications, 2007)
1. *Goldface-Irokalibe, I.J Law of Banking in Nigeria, (Malthouse Press Limited, 2007).*
 2. Afolabi, L *Law and Practice of Banking* (Heinemann Educational Books (Nigeria) Plc., 2005)
 3. Cranson, R *Principles of Banking Law* (Oxford University Press, New York, 1997).
 4. Milnes Holden, J *The Law and Practice of Banking* (Pitman Publisher 1996)
 5. *Law of Banking Services – The Principles (Billing & Sons Ltd., Worcester 1991).*
 6. *Tugbiyele, T.A.O Law of Banking (T.A.O., Tughiyele & Co. Lagos, 2007)*
 7. *Olakanmi & Co Banks & Other Financial Institutions Act, 1991 (BOFIA) & Central Bank of Nigeria Act, 2007 (LawLords Publications, 2007)*

Statutory Laws:

- Banks & Other Financial Institutions Act, 1991 (BOFIA)
- Central Bank of Nigeria Act, 2007
- Dishonored Cheques (Offences) Act 1977
- Banking Act, 1969; Banking Amendment Decree 1990 Part V.
- Bills of Exchange Ordinance No. 38 of 1917.
- Bills of Exchange Act of 1958, Cap. 21 Laws of the Federation of Nigeria and Lagos State Ordinance of 1917.

- Evidence Act of 1958; Cap 62 Law of the Federation of Nigeria and Lagos
- Banking Ordinance No. 15 of 1952.
- Banking Act of 1958 Cap. 19 Laws of Federation of Nigeria and Lagos.
- Economic and Financial Crimes Commission Act 2004
- Investment and Securities Act 2007
- Companies and Allied Matters Act Cap C20 LFN 2004.
- **Statutes:**^[L]_[SEP] Banks & Other Financial Institutions Act, 2007 (BOFIA)
- Central Bank of Nigeria Act, 2007
- Dishonored Cheques (Offences) Act 1977
- Bills of Exchange Act Cap. B8 LFN 2004
- Evidence Act Cap E14 LFN 2004
- Economic and Financial Crimes Commission Act 2004
- Investment and Securities Act Cap 124, LFN 2004
- Companies and Allied Matters Act Cap C20 LFN 2004.

TUTORIAL QUESTIONS (1-12)

1. a In what circumstances may the Governor of the Central Bank order a special examination of a licensed bank?
 - b. What are the general powers of the central bank of Nigeria?
2. a In what ways may an agent be appointed?
 - b. Kunle, a wealthy merchant dealing in electronic gadgets, has appointed Yemi as his agent, to buy these items for him, and subsequently instructed him not to spend more than N100,000 for any one item. Discuss the legal position in the following situations
 - i Yemi agrees to buy a radio cassette tape for N80,000 from Laide without disclosing that he is an agent;
 - ii Yemi attends an auction and bids as Kunle's agent for an old coloured television set, not intending to go beyond N100,000; but he is spurred on by the enthusiastic bidding of others and the item is eventually knocked down for him at N150,000.
3. Discuss the meaning of negotiability and explain the main characteristics of bills of exchange and promissory notes.
- 4a. What are the purposes and legal effects of crossing cheques?
 - b. Explain the drawer's liability under the Dishonoured Cheques Offences Act 1977.
5. In relation to the contract of guarantee, what is meant by 'subrogation', and under what circumstances can a guarantor take advantage of it?
- 6a. What are the rights available to a legal mortgagee and when may he exercise these rights?
 - b. Explain how the title to land in Lagos State is perfected.
7. What is a commercial letter of credit and what are its elements and characteristics?
8. Distinguish between hypothecation and pledge?
9. Write short notes on:
 - a. negotiable letters of credit
 - b. sight and time drafts
 - c. bill of lading
- 9d. Provide a brief history of the development of banking laws in Nigeria
10. Define ethics; of what relevance is the study of ethics to banking practice in Nigeria?
11. To be effective, ethical standards must come from top management down the hierarchy. Discuss.
12. Explain what is meant by 'countermand of payment' of cheques in banking transactions; who is legally permitted to countermand payment of cheques?