

**BOWEN UNIVERSITY IWO**  
**FACULTY OF SOCIAL AND MANAGEMENT SCIENCE**  
**DEPARTMENT OF BANKING AND FINANCE**  
**BSc. DEGREE PROGRAM**

**2013/2014 SECOND SEMESTER EXAMINATION**

**COURSE CODE:** BFN 428

**COURSE TITLE:** CREDIT ADMINISTRATION AND CONTROL

**INSTRUCTION:** ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS:  
**TIME ALLOWED:** 2 ½ HRS.

1. The establishment of Basel Committee by a group of ten industrialized countries was a quick and appropriate response to the crisis in the International financial markets in 1973 leading to heavy financial losses (foreign exchange) worldwide. Since the creation of this committee, it has produced three (3) International agreements on International convergence of capital adequacy based on a risk-asset ratio (RAR) approach titled Basel Capital Accord I, II & III.
  - (i) Name the Group of Ten Countries that came together and in what year and where.
  - (ii) What are the main features of Basel I, II
  - (iii) Where and when were these agreements made and when were they to be implemented.
  - (iv) What were the main criticisms of the original Accord?

**25 Marks.**
2. Unintermediated Finance is a veritable source of funds available to firms and businesses to explore before approaching Banks and other external sources. Enumerate and discuss five of these sources of finance.

**15 Marks**
3. Describe the four categories of borrowing firms often identified as either suitable or not suitable as borrowers of Term loan.

**15 Marks**
4. There are different types of risks; modern banks have to contend with in their operations. List and discuss four of the main types of risks. What are the factors that cause banking risks?

**15 Marks**
5. **Explain any five of the following:**
  - (i) Reserve requirement
  - (ii) Contingent facilities
  - (iii) Overdrafts
  - (iv) Canon of Credit
  - (v) Discretionary Limit
  - (vi) Capital Adequacy

**15 Marks**
6. In Nigeria, the operations of the money deposit banks are subjected to the control of the Central Bank of Nigeria which regulates and influences the quality and volume of Credit produced in the economy. Outline and discuss five different ways CBN carries out this onerous task.

**15 Marks**