

UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF LAW

MASTER OF LAWS DEGREE PROGRAMME 2022/24

REPEAT EXAMINATION– TRIMESTER I, II, III & IV

(BANKING LAW – TLLM 2164)

(Three Hours)

Total number of questions: 04

Answer any **Three** questions

(Candidates will be penalized for illegible handwriting)

Question 1

Critically evaluate the effectiveness of anti-money laundering (AML) laws in Sri Lanka in combating financial crimes and emerging threats. Examine the role of reporting requirements in the Sri Lankan AML framework and the efficacy of these measures in detecting and preventing money laundering.

(100 Marks)

Question 2

ABC Bank mistakenly credited Rs. 500,000 to the account of Lecto Ltd. due to a clerical error. Lecto Ltd., unaware of the mistake, used the funds to pay off a significant debt to Rico Ltd. When ABC Bank discovered the error, they immediately contacted Lecto Ltd. to recover the funds. However, Lecto Ltd. had already transferred the money to Rico Ltd.

Analyze the legal issues involved in the above scenario, with particular focus on the concept of mistaken payment. Your answer must reflect ABC Bank's right to recover the funds, Lecto Ltd's position, the liability of Rico Ltd., if any, and the defences that Lecto Ltd or Rico Ltd might raise to resist repayment. Support your answer with reference to case law.

(100 Marks)

Question 3

Answer **Both** (a) and (b)

XYZ Ltd. maintains a business account with Trust Bank. Recently, the following issues have arisen concerning the validity of transactions from this account. Examine the legal rights of XYZ Ltd. and liability of Trust Bank. Support your analysis with reference to relevant statutory provisions and case law.

- a) A cheque worth Rs. 50,000 with the signature of Jagath, the CFO of XYZ Ltd., was cashed by Trust Bank. Later, Jagath discovered that his signature had been forged. XYZ Ltd. promptly informed Trust Bank and requested that the transaction be reversed. However, Trust Bank refused, stating that the cheque appeared to be genuine and that the forgery was not detectable through standard verification methods.

(50 Marks)

- b) A cheque originally made out for Rs. 5,000 to a supplier was altered to Rs. 50,000 before being cashed. The alteration was made without the knowledge or authorization of XYZ Ltd. When XYZ Ltd. reviewed their bank statements, they noticed the discrepancy and informed Trust Bank. Trust Bank acknowledged the alteration but insisted that the XYZ Ltd. must bear the loss, as the cheque was in proper form when presented for payment.

(50 Marks)

(Total 100 Marks)

Question 4

Answer **Both** (a) and (b)

Critically analyze the scope and limitations of banker's duty of confidentiality in modern banking law. Discuss the balancing confidentiality and legal obligations governing this duty and evaluate the legal exceptions that permit disclosure of customer information.

(60 Marks)

Critically analyze the different types of cheque crossings and their legal implications in banking transactions.

(40 Marks)

(Total 100 Marks)

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