

## Subject Description Form

<b>Subject Code</b>	AF4510
<b>Subject Title</b>	Law and Practice of Banking
<b>Credit Value</b>	3
<b>Level</b>	4
<b>Normal Duration</b>	1-semester
<b>Pre-requisite / Co-requisite/ Exclusion</b>	<b>Pre-requisite:</b> Introduction to Business Law (AF2504)
<b>Role and Purposes</b>	The subject builds on students' knowledge acquired in business law and explains the legal aspects and practice relating to a wide range of daily banking operations. The legal nature of the various instruments commonly used in banking transactions will be considered in depth with a view to understanding the complexities of domestic and international banking. Thus the purpose of the subject is to equip the students with the fundamentals of the <u>law and practice relating to banking industry</u> (Outcome 13). It is expected that at the end of the course the students will thoroughly understand their role in the existing banking regime and <u>understand the ethical and legal issues</u> (Outcome 5) and problems surrounding the banking industry, the participants in the banking industry, including individuals and corporations and how they may <u>be resolved under the current legal framework</u> (Outcome 7).
<b>Subject Learning Outcomes</b>	<p>Upon completion of the subject, students will be able to:</p> <ul style="list-style-type: none"> <li>a Explain the development and complexity of Hong Kong's banking industry</li> <li>b Explain the legal principles governing the daily banking operations of commercial banks</li> <li>c Explain the implications of differing types of customers transacting business with bankers</li> <li>d Advise clients on the use of different forms of negotiable instrument and security – including guarantees, indemnities and charges</li> <li>e Advise clients on the consequences of money laundering and evaluate the various forms of control</li> <li>f Advise clients to make sound business decisions based on their knowledge of the bank customer relationship</li> <li>g Critically evaluate the effectiveness of the existing banking law regime</li> <li>h Identify and resolve legal and ethical issues in banking industry.</li> </ul>
<b>Subject Synopsis/ Indicative Syllabus</b>	<p><b>The Banker/Customer Relationship</b> The legal definition of a bank. The definition of a customer. Express and implied contractual terms. Rights and duties of the bank and customer. The banking systems and anti money-laundering legislation.</p> <p><b>Types of Customer</b> The opening and the conduct of accounts in credit and debit for individuals, joint customers, executors, administrators and trustees, minors, sole proprietors, partnerships, companies, solicitors, unincorporated clubs etc. Effect of death, insolvency, mental disorder, and legal processes on a customer's account.</p> <p><b>Banking Operations</b> Payment by cheques and other instruments. The rights and duties of the various parties of negotiable instruments. Statutory protection of collecting and paying banker. The Hong Kong cheque clearing and settlement systems. Electronic banking and its legal impact.</p>

	<p><b>Securities for Advances</b> Creation and enforcement of individuals' and companies' securities including: stocks and shares; land and buildings; guarantees; debentures; book debts; fixed deposit receipts; insurance policies; gold and goods.</p>									
<b>Teaching/Learning Methodology</b>	<p>Lectures will be used mainly for introducing to students the application of theoretical legal principles to real life banking operations. Banking practices will be considered in detail and members of the banking profession will be invited to contribute to the subject.</p> <p>Seminars will, through case studies and problem based learning, encourage critical analysis of the course materials and promote debate on current related issues.</p>									
<b>Assessment Methods in Alignment with Intended Learning Outcomes</b>	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)							
			a	b	c	d	e	f	g	h
	<b>Continuous Assessment</b>	<b>60%</b>								
	1. Group Presentation	15%	√					√		
	2. Participation	5%	√					√		
	3. Mid-term Test	20%			√	√				
	4. Case Study Report	20%		√			√		√	√
	<b>Final Examination</b>	<b>40%</b>	√	√	√	√	√	√	√	√
Total	100 %									
To pass this subject, students are required to obtain Grade D or above in <b>both</b> the Continuous Assessment and Examination components.										
<b>Student Study Effort Required</b>	Class contact:									
	▪	Lectures	26 Hrs.							
	▪	Seminars	13 Hrs.							
	Other student study effort:									
	▪	Internet and library research	40 Hrs.							
	▪	Reading relevant cases	50 Hrs.							
Total student study effort		129 Hrs.								
<b>Reading List and References</b>	<p><b>Recommended Textbook</b> Chan, S., <i>Annotated Banking Ordinance</i>, Butterworths, 2008. Chan, S., <i>Halsbury's Law of Hong Kong – Bills of Exchange and Other Negotiable Instruments</i>, LexisNexis, 2007 Chan, S., <i>Halsbury's Law of Hong Kong – Banking and Finance</i>, LexisNexis, 2007.</p> <p><b>References</b></p>									

<p>Chan, S., <i>Butterworths Hong Kong Banking Law Handbook</i>, Butterworths, 2003.</p> <p>Chan, B.C.S., <i>Hong Kong Banking Law and Practice</i>, HKIB, Vol. 1 &amp; 2, 2000.</p> <p>Ko S.H., <i>Law &amp; Practice of Banking Services in Hong Kong</i>, City University, Hong Kong. 1998.</p> <p>Ong CA, <i>Legal Decisions Affecting Banks in Hong Kong</i>, CIOB, 1995.</p> <p>Ong C.A., J. Lee and Others, <i>Law and Practice of Banking in Hong Kong</i>, CIOB, 1993.</p> <p>Tokley, I., <i>Hong Kong Banking and Practice</i>, Butterworths, 2000.</p> <p>Roebuck, D., <i>Banking Law in Hong Kong: Cases and Materials</i>, Butterworths Asia, 1995.</p> <p>Roebuck, D., <i>Law Relating to Banking in Hong Kong</i>, Hong Kong University Press, 1993.</p>
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