



ASSOCIATESHIP EXAMINATION

ETHICS AND PROFESSIONALISM

LEVEL I

[NEW SYLLABUS]

APRIL 2025

NB:

1. Read carefully the instructions on the cover of the answer booklet.
2. The total number of questions in Section A is THIRTY, Section B is FOUR and Section C is TWO.
3. Section A carries 30 marks; Section B carries 40 marks and Section C carries 30 marks. Where questions are subdivided, the marks for each subdivision are shown in brackets.
4. Answer **ALL** questions in **Section A (Objectives)**, answer any **TWO** questions in **Section B (Essay)**, and answer only **ONE** question in **Section C (Case/Scenario Based)**.
5. Answers in listed note form are acceptable, provided they are clearly and logically presented and the points made are adequately developed.
6. No aids such as calculators, books, dictionaries, papers, mathematical sets, mobile phones or electronic wristwatches are permitted in this examination.
7. **Time allowed: THREE HOURS**
8. **An additional 15 minutes of reading time is allowed** at the beginning of the examination during which time candidates may write on this paper but NOT in the answer booklet.
9. Candidates must ensure that they answer questions in the appropriate answer booklets and **NOT on loose sheets** which may be used only as supplementary sheets. Such answers will not be marked.
10. **DO NOT WRITE YOUR NAME ON THE ANSWER BOOKLET.**
11. **DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED TO DO SO.**

SECTION A – OBJECTIVES QUESTIONS

ANSWER ALL QUESTIONS. EACH QUESTION CARRIES 1 MARK. TOTAL: 30 MARKS

1. What is the primary distinction between Law and Ethics in Banking?
 - a) Law is based on religious beliefs, while ethics is based on legal statutes
 - b) Law is enforceable by authorities, while ethics guides moral conduct
 - c) Ethics applies to businesses, while law applies only to individuals
 - d) Law concerns fairness, while ethics focuses solely on profitability

2. A bank employee discovers that a client is involved in Money Laundering but chooses not to report it to avoid losing the client. This decision raises concerns about which ethical issue?
 - a) Conflict of Interest
 - b) Professional Competence
 - c) Customer Confidentiality
 - d) Profit Maximization

3. Which of the following best illustrates the intersection of ethics, law, and morality in Banking?
 - a) Offering lower interest rates to high-income customers
 - b) Refusing a bribe from a client while complying with Anti-Bribery Laws
 - c) Charging excessive service fees without informing customers
 - d) Approving loans without due diligence

4. If a bank follows all legal regulations but engages in aggressive debt collection practices that exploit vulnerable customers, which principle is most likely violated?
 - a) Legal Obligation
 - b) Ethical Obligation
 - c) Corporate Social Responsibility
 - d) Professional Competence

5. Which Ghanaian law primarily regulates ethical and lawful practices in the Banking Sector?
- a) Companies Act, 2019 (Act 992)
 - b) Bank of Ghana Act, 2002 (Act 612)
 - c) Banks and Specialised Deposit Taking Institutions Act, 2016 (Act 930)
 - d) Electronic Transactions Act, 2008 (Act 772)
6. Which of the following is the most important step in ethical decision-making in Banking?
- a) Prioritizing the bank's profitability
 - b) Identifying the ethical dilemma
 - c) Consulting only close colleagues
 - d) Ignoring the issue if no one notices
7. When a bank employee is faced with a conflict between client confidentiality and reporting Suspicious Transactions, the best ethical decision would be to:
- a) Protect the client's confidentiality at all costs
 - b) Report the Suspicious Transaction to the authorities
 - c) Consult the client before making a decision
 - d) Ignore the situation to avoid conflict
8. Which Ethical Decision-Making Model is most commonly used in Banking to weigh the consequences of actions before making a decision?
- a) Deontological Model
 - b) Virtue Ethics Model
 - c) Utilitarian Model
 - d) Relativist Model
9. What is the role of a bank's Code of Ethics in ethical decision-making?
- a) It guarantees that employees will always act ethically
 - b) It serves as a guideline to help employees make consistent decisions
 - c) It protects employees from punishment
 - d) It promotes profit-making without accountability

10. If a bank employee approves a loan without proper documentation to meet monthly targets, what ethical issue is involved in the decision-making process?
- a) Customer Loyalty
 - b) Integrity
 - c) Professional Competence
 - d) Teamwork
11. Which of the following best defines professional misconduct in Banking?
- a) Delaying customer service to avoid workload
 - b) Disclosing customer information without consent
 - c) Offering loans with high-interest rates
 - d) Granting loans to high-risk customers
12. A Bank Manager diverts client funds into a personal account without authorization. This act is an example of.....
- a) Money Laundering
 - b) Conflict of Interest
 - c) Embezzlement
 - d) Insider Trading
13. Which of the following actions constitutes professional misconduct in Banking?
- a) Declining a loan application due to poor credit history
 - b) Discriminating against customers based on their social status
 - c) Offering financial advice to clients
 - d) Charging administrative fees on loans
14. If a bank employee grants a loan to a family member without following due process, the employee is guilty of:
- a) Professional Misconduct
 - b) Nepotism
 - c) Conflict of Interest
 - d) Non-Compliance with Policy

15. Which regulatory body in Ghana is primarily responsible for investigating professional misconduct in the Banking Sector?
- a) National Banking College
 - b) Chartered Institute of Bankers, Ghana
 - c) Bank of Ghana
 - d) Ghana Association of Bankers
16. Which of the following is a key ethical concern associated with the use of AI in Banking?
- a) Increased speed of transactions
 - b) Lack of human supervision in decision-making
 - c) Low operational costs
 - d) Improved customer experience
17. What is the primary role of AI in fraud detection in Banking?
- a) Automating customer complaints
 - b) Predicting suspicious patterns in transactions
 - c) Offering higher loans to frequent customers
 - d) Generating customer passwords
18. Which type of AI Technology is commonly used in chatbots for Customer Service in Banking?
- a) Machine Learning
 - b) Natural Language Processing (NLP)
 - c) Blockchain
 - d) Predictive Analytics
19. If an AI-Based Credit Scoring System consistently denies loans to applicants from a particular ethnic group, this is an example of.....
- a) Algorithmic Bias
 - b) Automation Efficiency
 - c) Data Encryption
 - d) Predictive Analytics

20. Which regulatory framework in Ghana is most relevant for protecting customer data in AI-based Banking Systems?
- a) Companies Act, 2019 (Act 992)
 - b) Bank of Ghana Act, 2002 (Act 612)
 - c) Data Protection Act, 2012 (Act 843)
 - d) Electronic Communications Act, 2008 (Act 775)
21. Which ethical principle is most closely associated with data protection in Banking?
- a) Integrity
 - b) Confidentiality
 - c) Objectivity
 - d) Profit Maximization
22. Under Ghana's Data Protection Act, 2012 (Act 843), which of the following is a bank's primary obligation when collecting customer data?
- a) Share customer data with third parties for marketing purposes
 - b) Store customer data indefinitely
 - c) Obtain customer consent before collecting personal data
 - d) Use customer data without restriction
23. If a bank discloses a customer's financial records without consent, which ethical issue is primarily violated?
- a) Professional Competence
 - b) Customer Service
 - c) Privacy and Confidentiality
 - d) Oath of Confidentiality
24. What is the primary reason for encrypting customer financial data in Banking Systems?
- a) Protection of customer data
 - b) Ensure data remains confidential
 - c) Protection of bank data
 - d) Protection of data from criminals

25. Which regulatory body in Ghana is responsible for enforcing data protection laws in banking?
- a) Ghana Data Security Authority
 - b) Bank of Ghana
 - c) Data Protection Commission
 - d) Financial Intelligence Centre
26. A friend asks you to disclose confidential information about a mutual acquaintance's account. How should you respond?
- a) Provide the information as a favour to your friend.
 - b) Politely refuse and explain that it's against the bank's confidentiality policy.
 - c) Disclose only the information that seems harmless.
 - d) Tell your friend you'll check with the acquaintance first.
27. You realize that an internal report you are responsible for contains an error that could mislead stakeholders. What should you do?
- a) Ignore the error since it's unlikely to be noticed.
 - b) Submit the report as is, and correct the error in the next report.
 - c) Wait for someone else to notice and fix it.
 - d) Correct the error immediately and inform your supervisor.
28. Which of the following could be considered money laundering in the Banking Sector?
- a) Transferring large sums without verifying the source
 - b) Advising clients on tax efficiency
 - c) Opening accounts for foreign nationals
 - d) Providing loans to small businesses
29. If a banker intentionally sells an unsuitable financial product to a client, this is known as:
- a) Product Customization
 - b) Sales Optimization
 - c) Mis-Selling

d) Client-Driven Selling

30. A bank must decide whether to close a branch in a low-income area. A utilitarian would likely consider:

- a) Closing the branch if it would help the overall sustainability of the bank.
- b) Keeping the branch open if it benefits the local community's welfare.
- c) Closing the branch if it aligns with business strategy.
- d) Keeping the branch open if it meets profitability targets.

SECTION B – ESSAY QUESTIONS (ANSWER ONLY TWO QUESTIONS)

QUESTION 1

a. Explain the ethical implications of Artificial Intelligence (AI) in Ghana's Banking Sector.

[4 Marks]

b. Highlight four (4) benefits and three (3) challenges of AI in Banking.

[8 Marks]

c. Suggest four (4) measures to ensure ethical deployment of AI in Banking.

[8 Marks]

[Total: 20 Marks]

QUESTION 2

a. Discuss the role of law and morality in addressing ethical misconduct in Ghana's Banking sector.

[10 Marks]

b. Provide examples of legal and ethical violations in Banking and explain how they can be addressed.

[10 Marks]

[Total: 20 Marks]

QUESTION 3

a. Compare the strengths and weaknesses of Utilitarianism, Deontology, and Virtue Ethics in resolving ethical challenges in Banking.

[14 Marks]

b. Provide real-life Banking examples where each theory may be applied. [6 Marks]

[Total: 20 Marks]

QUESTION 4

a. Identify and discuss three (3) key ethical breaches that contribute to corporate failure in Banking. [10 Marks]

b. Suggest three (3) measures that can enhance Ethical Banking Practices and prevent Corporate Failures. [10 Marks]

[Total: 20 Marks]

SECTION C – CASE/SCENARIO BASED QUESTIONS

ANSWER ONLY ONE QUESTION

QUESTION 1

Case Study: Loan Approval and Ethical Dilemmas

A Senior Bank Executive, Mr. Kwame Mensah, oversees loan approvals in Onapo Bank Plc, a major Ghanaian bank. A high-profile businesswoman, Abena Ofori, applied for a loan of One Million Cedis to expand her company's business. However, financial assessments revealed that her business is struggling and poses a high financial risk.

Madam Ofori has strong political connections and subtly hints that approving the loan could lead to future government contracts for the bank. Mr. Mensah faces a dilemma:

Legal Perspective: Banking regulations require loans to be granted based on sound financial standing. Approving the loan might violate financial laws.

Ethical Perspective: Approving the loan might benefit the bank in the short term but could also lead to financial losses and set a bad precedent.

Moral Perspective: Mr Mensah personally believes in fairness and honesty but fears professional repercussions if he refuses.

Instructions: Support your discussion with Banking Ethics Theories (e.g., Utilitarianism, Deontology, Corporate Governance).

- a. Discuss the ethical, legal, and moral implications of Mr. Mensah's decision. [15 marks]
- b. Explain the potential consequences of his choices and propose an ethically sound resolution. [15 Marks]

[Total: 30 Marks]

QUESTION 2

Case Study: Corporate Ethics and Bank Collapse

Golden Trust Bank, a newly established bank, has been rapidly expanding its customer base. To attract more clients, the bank's Management introduces high-interest Fixed Deposit products with promises of guaranteed returns. However, internal audits revealed that the bank grants loans to politically connected individuals and businesses without proper Credit Risk Assessments. These loans account for a significant portion of the bank's Loan Portfolio.

The Head of Compliance, Mrs Ama Asantewaa, advises Management to review the loan process.

The CEO, Mr. Samuel Addo, insists that the bank must take risks to remain competitive and profitable. He privately instructs the Compliance Team to overlook the issue, warning that exposure could lead to regulatory investigations.

Months later, the bank failed to recover the loans, and customers began demanding their Fixed Deposits and the bank faced a potential collapse.

Instructions

- a. Discuss the role of ethical failures in the potential corporate collapse of Golden Trust Bank. [10 Marks]
- b. Identify the ethical, legal, and corporate governance issues raised in the case. [10 Marks]
- c. Explain how ethical decision-making could have prevented the crisis. Recommend measures to promote ethical banking practices. [10 Marks]

[Total: 30 Marks]