



ASSOCIATESHIP EXAMINATION
LEVEL IV
MICROFINANCE AND RURAL BANKING
[OLD SYLLABUS]

APRIL 2025

N.B:

- 1. Read carefully the instructions on the cover of the answer booklet.**
- 2. Answer FIVE (5) questions in all with at least TWO questions from each section.**
- 3. Each question carries 20 marks.**
- 4. Where questions are subdivided, the marks for the subdivisions are shown in brackets.**
- 5. Time allowed: THREE HOURS**
- 6. Candidates must ensure that they answer questions in the appropriate answer booklets and NOT on loose sheets which may be used as supplementary sheets. Such answers will not be marked.**
- 7. DO NOT WRITE YOUR NAME ON THE ANSWER BOOKLET.**
- 8. DO NOT OPEN THIS QUESTION PAPER UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

SECTION A
RURAL BANKING

ANSWER AT LEAST TWO QUESTIONS FROM THIS SECTION

QUESTION 1

State and explain the measures a Rural Bank could take to increase lending to the Agricultural Sector of the economy. [20 Marks]

QUESTION 2

As the Head of Training of your bank, you have been invited to give a talk on the topic **“What is Internal Control and what measures should a Rural Bank take to prevent Internal Fraud?”**

Prepare a well-crafted presentation for the new staff. [20 Marks]

QUESTION 3

Discuss any five (5) benefits of Insurance to Rural Banking. [20 Marks]

QUESTION 4

Discuss the benefits of Electronic Banking to Rural Banks in Ghana. [20 Marks]

SECTION B
MICROFINANCE

ANSWER AT LEAST TWO QUESTIONS FROM THIS SECTION

QUESTION 5

List and explain five (5) factors that affect Lending to female entrepreneurs by Microfinance Institutions (MFIs). [20 Marks]

QUESTION 6

a. With reference to Banks and Specialized Deposit-Taking Financial Institutions Act 2016 (Act 930), define a Deposit-Taking Micro Finance Institution. [4 Marks]

b. With reference to Micro Finance Institutions, explain any four (4) reasons why good Corporate Governance is relevant to the operations of Deposit-Taking Microfinance Institutions. [16 Marks]

[Total: 20 Marks]

QUESTION 7

At a recent meeting of Financial Institutions and selected customers, Jonny who has just returned to Ghana after 20 years of staying in England, approached Esi, your boss, who doubles as the Branch Manager of Rawlings Micro Finance Company. He explained to Esi that he has made a lot of money overseas and he has decided to set up a Deposit-Taking Microfinance Institution.

Esi explained to him that because Micro Finance Institutions are not Universal Banks, their key provisions have been outlined in the Non-Bank Financial Institutions Act (2008) and he has to obtain a Banking Licence in accordance with that legislation.

Jonny was so happy to hear this, and he also explained that together with his partner they have set up Agbetor and Co, a partnership firm with an initial capital of 1 million Cedis. One of the key services they intend to offer is United States Dollar loans to clients in order to ease their challenges in obtaining Foreign Exchange.

Required:

- a) Identify the five (5) key regulatory issues outlined in the above passage. (5 marks)
- b) If you were the one Jonny had the discussion with, explain how to deal with those issues raised during the interaction. (15 marks)

[Total: 20 Marks]

QUESTION 8

As the Head of Operations of Alomo Micro Finance Company Limited, state and explain any five (5) regulations that affect Deposit-Taking Micro Finance Institutions. [20 Marks]