



**BANKING ACADEMY ROUTE EXAMINATION**  
**LAW AND FINANCIAL SERVICES REGULATION AND OPERATIONS**  
**MANAGEMENT IN FINANCIAL SERVICES**

**MODEL 1**

**JULY 2025**

**NB:**

1. Read carefully the instructions on the cover of the answer booklet.
2. There are two Parts in this paper. **Part 1** (Law and Financial Services Regulation) **attracts 50 marks** and **Part 2** (Operations Management in Financial Services) **attracts 50 marks**.  
**A candidate must obtain a pass in each part to pass the paper.**
3. Each Part is divided into three sections. Section A has 10 Multiple Choice Questions. Section B has 2 essay questions and Section C has 2 Case study questions. Where questions are subdivided, the marks for each subdivision are shown in brackets.
4. **Candidates must answer all the multiple-choice questions in both parts for a total of 20 marks and one (1) question each in Section B and Section C of both parts, i.e. four (4) questions of 20 marks each, for a total of 80 marks. Answers in listed note forms are acceptable, provided they are clearly and logically presented and the points made are adequately developed.**
5. No aids such as calculators, books, dictionaries, papers, mathematical sets, mobile phones or electronic wristwatches are permitted in this examination.
6. **Time allowed: 3 hours. Candidates are, however, advised not to spend more than 1 hour 30 minutes on each part.**
7. Candidates must ensure that they answer questions in the appropriate answer booklet and **NOT on loose sheets** which are used only as supplementary sheets. Such answers will not be marked.
8. **DO NOT WRITE YOUR NAME ON THE ANSWER BOOKLET.**
9. **DO NOT OPEN THIS QUESTION PAPER UNTIL INSTRUCTED TO DO SO.**

**PART 1**  
**LAW AND FINANCIAL SERVICES REGULATION**  
**SECTION A**

**MULTIPLE CHOICE**

**ANSWER ALL QUESTION (1 MARK PER QUESTION. TOTAL: 10 MARKS)**

1. Which of the following is **not** a function of the Bank of Ghana?
  - a. Lender of last resort
  - b. Banker to the Government
  - c. Issuance of notes and coins
  - d. Deposit Insurer
  
2. The GCB Bank entered a 'Purchase and Assumption' agreement in 2017 to resolve the then Capital Bank Ltd and UT Bank Limited. What is the 'Purchase and Assumption' agreement?
  - a. An agreement under which the licenses of banks are revoked
  - b. An agreement to put banks under administration
  - c. An agreement to provide Emergency Liquidity Assistance to banks
  - d. An Agreement under which assets and liabilities of a failed bank are taken over by a healthy bank.
  
3. Which Regulatory body controls the raising of capital by companies on the capital market?
  - a. Bank of Ghana
  - b. National Pensions Regulatory Authority
  - c. Securities and Exchange Commission
  - d. National Insurance Commission.
  
4. Under the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930), a financial exposure of a bank or specialized deposit-taking institution shall only be deemed adequately secured if the collateral has a market value of at least a certain percentage of the outstanding loan/advance throughout the term of the financial exposure. What is the minimum percentage of coverage?
  - a. 100
  - b. 120
  - c. 130
  - d. 140

5. The system of rules, practices and processes by which a company is directed and controlled, including the relationships among the company's shareholders, Board of Directors, Management and other stakeholders is called.....
- a. Corporate Governance
  - b. Fit and Proper Management
  - c. Conduct Regulation
  - d. Management by Objectives
6. Which of the following organs/offices in a Company Structure is the most powerful?
- a. Board of Directors
  - b. Shareholders at a General Meeting
  - c. Managing Director
  - d. Officers of the Company
7. Jack Toronto is a member of the Board of Directors of APC Bank Plc. He is the Chief Finance Officer of the Bank. What type of Director is Jack Toronto?
- a. Independent Director
  - b. Shadow Director
  - c. Executive Director
  - d. Non-Executive Director
8. Who is a significant shareholder within the intendment of the Fit and Proper Persons Directive, 2019?
- a. A shareholder with direct or indirect holdings representing 5% or more of the capital or of the voting rights.
  - b. A shareholder with direct or indirect holdings representing 10% or more of the capital or of the voting rights.
  - c. A shareholder with direct or indirect holdings representing 15% or more of the capital or of the voting rights
  - d. A shareholder with direct or indirect holdings representing 50% or more of the capital or of the voting rights
9. The Fit and Proper Persons Directive, 2019 is anchored on three pillars. Which of the following is NOT one of the three pillars?
- a. Proportionality and case by case assessment
  - b. Exception Reporting
  - c. Due Process and Fairness
  - d. Fit and Proper Assessment and ongoing Supervision

10. What is the current coverage limit for Specialized Deposit-Taking Institutions under the Ghana Deposit Protection Scheme?

- a. GHS 1,250
- b. GHS 6,250
- c. GHS 10,250
- d. GHS 12,250

**(10 marks)**

## **SECTION B**

### **ANSWER 1 QUESTION FROM THIS SECTION**

#### **QUESTION 1**

- a. A lot of reasons have been adduced for the financial crisis that culminated in the banking sector cleanup exercise undertaken by the Bank of Ghana from 2017 to 2019. Briefly state and explain any three (3) causes of the bank failures between 2017 and 2019.

**(6 marks)**

- b. State the three (3) objectives of the Fit and Proper Person Directive, 2019 as provided in the Directive.

**(3 marks)**

- c. List and explain any three (3) functions of the Board of Directors of a Bank or Specialized Deposit-Taking Institution.

**(6 marks)**

- d. State five (5) sources of funds for the Ghana Deposit Protection Corporation.

**(5 marks)**

**(Total: 20 marks)**

#### **QUESTION 2**

- a. There are various types of regulations at the disposal of financial services regulators. List and briefly discuss any four (4) types of regulations.

**(8 marks)**

- b. State two (2) deficiencies in the Basel I framework that led to the introduction of Basel II.

**(4 marks)**

- c. State any four (4) of the 16 International Association of Deposit Insurers core principles for effective Deposit Protection. **(4 marks)**
- d. Explain 'Alternate Director' as provided under the Corporate Governance Directive, 2018. **(4 marks)**

**(Total: 20 marks)**

## **SECTION C**

### **ANSWER 1 ANY QUESTION FROM THIS SECTION**

#### **QUESTION 1**

APC Bank Plc was licensed as a Universal Bank in Sikaman. It has fifty (50) branches spread across various towns and cities in Sikaman. Last year, the Bank appointed an Anti-Money Laundering Reporting Officer (AMLRO) to champion anti-money laundering compliance within the Bank to forestall fines the bank suffered over the years. Early this year, a new branch was opened in a certain town in the Northern part of the country. In April 2025, the company introduced an innovative high interest yielding savings account which caught up so well with the banking public. An analysis of the loan book of the Bank shows that the bank gave loans to its staff on preferential terms. The aggregate amount of those loans amounted to GHS 2.0 billion when the bank's net own fund was GHS 8.0 billion. The Board of APC Bank Plc is chaired by Japhet Katunga, who is also the Managing Director of the Bank and the Chief Finance Officer, Wisdom Acquah, who is an Executive Director, chairs the Audit Committee of the Board. Out of the seven members of APC Bank Plc, only one is an Independent Director. In an on-site examination conducted by the Central Bank, the Bank of Sikaman, all the developments within the APC Bank Plc, all of which were previously unknown to the Bank of Sikaman, were discovered.

#### **REQUIRED**

- a. Identify and explain any four breaches that may have engaged the attention of the visiting Bank of Sikaman On-Site Examination Team. **(15 marks)**
- b. What advice will you offer the Board and Management of APC Bank Plc ? **(5 marks)**

**(Total:20 marks)**

## **QUESTION 2**

Kofi Brokeman has a 20-year Life Endowment Policy on his life. The Policy was taken 15 years ago and has a capital sum of GHS 1.5 million and a surrender value of GHS 750,000. Kofi Brokeman, who is your customer, wants an overdraft facility of GHS 500,000 and offers the 20-year Life Endowment policy as security for the overdraft facility.

### **REQUIRED**

- a. What is a Life Endowment Policy? **(5 marks)**
- b. How will you take a legal mortgage over a Life Endowment Policy? **(15 marks)**

**(Total: 20 marks)**

## **PART 2**

### **OPERATIONS MANAGEMENT IN FINANCIAL SERVICES**

#### **SECTION A**

#### **MULTIPLE CHOICE**

**ANSWER ALL QUESTIONS (1 MARK PER QUESTION. TOTAL: 10 MARKS)**

1. Which of these card schemes allow the holder to purchase items when the account to which the card is linked is not funded by the cardholder at the time of the transaction?
  - a. Debit card
  - b. Prepaid card
  - c. Credit card
  - d. Card guarantee scheme
  
2. The process of assessing the creditworthiness and risk inherent in a credit proposition submitted by an applicant is called.....
  - a. Underwriting
  - b. Pre-disbursement appraisal
  - c. Post-disbursement appraisal
  - d. Perfection
  
3. Which institution operates as a Clearing House facilitating clearing transactions among various banks?
  - a. The Bank of Ghana
  - b. Automated Clearing House
  - c. The Ghana Interbank Payment and Settlement System (GhIPSS)
  - d. Ghana Association of Banks
  
4. A guarantee from a bank that a buyer's payment to a seller will be received on time if the terms of the credit are met is called....
  - a. Letters of Credit
  - b. Demand Guarantee
  - c. Advance Payment
  - d. Documentary Collection
  
5. In Trade Finance, what is forfaiting?
  - a. It is how export proceeds are received through SWIFT
  - b. It is how tenor bills are discounted by the payee at a bank

- c. It is the method by which the exporter allows the importer some credit days to enable the goods to be sold before payment is made.
  - d. It is the means of financing that enables exporters to receive immediate cash by selling their medium and long-term receivables, the amount an importer owes the exporter at a discount through an intermediary
6. Banks in Ghana are exploring the use of blockchain technology for international payments. What is blockchain technology?
    - a. It is the delivery of computing services, including servers, storage, databases, networking, software, analytics, and intelligence, over the internet to offer faster innovation, flexible resources, and economies of scale.
    - b. It is digital ledger technology where transactions are recorded across a decentralized network of computers.
    - c. It refers to the use of large, diverse datasets to gain insights that improve decision-making, enhance customer experience, and drive operational efficiency.
    - d. It is a multidisciplinary field that applies mathematical and computational techniques to solve complex problems in finance and develop new financial products.
  7. The potential for financial loss or negative impact on an organization due to failures in internal processes, people, systems, or external events is called.....
    - a. Operational risk
    - b. Market risk
    - c. Reputational risk
    - d. Liquidity risk
  8. A fundamental cybersecurity measure that protects sensitive data by converting it into an unreadable format, known as ciphertext, using a secret code or key is called.....
    - a. Spoofing
    - b. Phishing
    - c. Encryption
    - d. Social engineering
  9. How long does it take for an account that has not received any customer-initiated activity to be classified as dormant and moved into the register of dormant accounts?
    - a. 1 year
    - b. 2 years
    - c. 3 years
    - d. 5 years



10. A court order issued to compel a third party to pay the amount or part of the amount owed a judgment debtor directly to the judgment creditor through the court is known as .....

- a. Mareva Injunction
- b. Writ of sequestration
- c. Interlocutory Injunction
- d. Garnishee Order

**(10 marks)**

## **SECTION B**

### **ANSWER 1 QUESTION FROM THIS SECTION**

#### **QUESTION 1**

- a. Underwriters consider several factors that help them determine the loan amount and fix the interest rate applicable when considering a credit request from a borrower. State and briefly discuss any three (3) factors to be considered. **(6 marks)**
- b. Mention and briefly explain the three (3) stages of remittance operations. **(3 marks)**
- c. Differentiate between Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) as methods of clearing. **(6 marks)**
- d. Within the context of International Trade operations, what is 'letters of credit'. State any three parties to letters of credit. **(5 marks)**

**(Total: 20 marks)**

#### **QUESTION 2**

- a. State and explain any three (3) potential risks inherent in international payment services. **(6 marks)**
- b. Kofi Brokeman wants to open an individual current account with your bank. State the documents you will require from him and how you will ensure the account is opened in line with your bank account onboarding policy. **(4 marks)**
- c. State any four (4) methods of making payments locally, apart from cash. **(4 marks)**

- d. What is the importance of reconciliations and investigations in Ghana's banking operations and what role does technology play in enhancing reconciliations and investigations? **(6 marks)**

**(Total: 20 marks)**

## **SECTION C**

### **ANSWER 1 QUESTION FROM THIS SECTION**

#### **QUESTION 1**

You have been appointed as the Chief Compliance Officer of Prestige Bank Plc, a universal bank in Ghana with 40 branches nationwide. Upon your assumption of office, you discovered that 1 million out of the 2.5 million accounts held in the bank books were at various stages of dormancy. About half of the accounts have not seen any customer-initiated activity for 3 years but have remained on the active account list. About a quarter have been inactive for a cumulative period of 4 years whilst the rest have not seen any customer-initiated activity for more than 5 years. Of the 1.5 million active accounts, 500,000 have not seen any customer-initiated activity for 1 year. As part of your 30-day plan presented to the Board during your interview, you included the fact that you will deal with account dormancy if any existed in the Bank. You have been confronted with the scale of dormancy more tasking than you had imagined. Prestige Bank Plc has no dormant account policy in place.

#### **REQUIRED**

- a. What is a dormant account and how different is it from an unclaimed account balance? **(5 marks)**
- b. How will you deal with the various account categories mentioned? **(10 marks)**
- c. How do you ensure the bank is compliant with the Unclaimed Balances and Dormant Accounts Directive as well as section 143 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930)? **(5 marks)**

**(Total: 20 marks)**

#### **QUESTION 2**

Premium Super Bank Plc has recently suffered a series of setbacks. Two months ago, several customers complained about their cash lodgments not reflected in their accounts. Investigations conducted revealed that several National Service Persons deployed as Cashiers/Tellers have suppressed the deposits made by those customers and many more, running into thousands of cedis. Over the past three months, the core banking application

of the bank has been down more than six times over the period leading to service disruption as the servers at the bank's disaster recovery site also malfunctioned. Just a month ago, the Bank's Head Office suffered a serious sewage problem leading to a decision by management for staff to work from home. Last month, there was fire outbreak at two iconic buildings of the branch with some bank documents destroyed. Last week a key service provider providing support for the bank's mobile banking platform sever links with the bank leading to the mobile banking service, a very important source of non-funded income to the bank, severely disrupted. Many key employees have resigned from the bank in recent times. To worsen the bank's already precarious position, the Bank of Ghana has imposed penalties on the bank for various anti-money laundering breaches including failure to file cash transaction and suspicious transaction reports.

### **REQUIRED**

- a. From the facts of the case above, state and define the type of risk that Premium Super Bank Plc faces. **(5 marks)**
- b. How do you manage the type of risk mentioned in (a) above, especially the specific challenges enumerated in the case study? **(15 marks)**

**(Total: 20 marks)**