



**CHARTERED INSTITUTE OF BANKERS, GHANA**  
**ASSOCIATESHIP EXAMINATION**  
**LEVEL IV**  
**MICROFINANCE AND RURAL BANKING**  
**OCTOBER 2022**

**N.B:**

- 1. Read carefully the instructions on the cover of the answer book.**
- 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 book and NOT on loose sheets which are supplementary sheets. Such answers will not be marked.**
- 7. DO NOT WRITE YOUR NAME ON THE ANSWER BOOK.**
- 8. DO NOT OPEN THIS QUESTION BOOK UNTIL YOU HAVE BEEN INSTRUCTED TO DO SO.**

**SECTION A**  
**RURAL BANKING**  
**ANSWER AT LEAST TWO QUESTIONS FROM THIS SECTION**

**QUESTION 1**

Crop yield failure is a common phenomenon in small scale farming more also in the era of increasing effect of climate change.

What strategic steps will you advise farmers take to ensure the repayment of their loans?  
**(20 Marks)**

**QUESTION 2**

As a manager of your organization you were asked by the Board of Directors to prepare and deliver a paper on the achievement of Rural and Community Banks in Ghana. List and explain five (5) achievements of Rural and Community Banks in Ghana. **(20 Marks)**

**QUESTION 3**

What are specific responsibilities of the Key Management Personnel team in ensuring appropriate measures are in place to mitigate strategic risks in Rural and Community Banks? List and discuss any 5 specific responsibilities of key management personnel of RCBs. **(20 Marks)**

**QUESTION 4**

The Electronic Transaction Levy (E-levy) of a 1.5% taxation on electronic transactions, came into effect on the 1<sup>st</sup> of May, 2022. The levy applies to mobile money payments, bank transfers, merchant payments, and inward remittances (MoF 2022 Budget Highlights). The aim was to capture the informal sector and providing an opportunity for every Ghanaian to contribute towards nation building and also ensure that the hidden, submerged or informal economy is brought within the remit of the formal economy. More specifically, the move was a necessary economic tool to widen the tax net which would increase the country's tax to GDP.

Discuss the repercussions of the levy on the digital transformation drive in Rural and Community Banks regarding the use of digital platforms in savings mobilization. **(20 Marks)**

**SECTION B  
MICROFINANCE**

**ANSWER AT LEAST TWO QUESTIONS FROM THIS SECTION**

**QUESTION 5**

How different are Banks from the Specialized Deposit-Taking Institutions according to the Act, 2016 (Act 930)? List and explain five (5) areas of differences that exist between the two categories of financial intermediation. **(20 Marks)**

**QUESTION 6**

Section 58 of the Banks and Specialized Deposit-Taking Institutions Act, 2016 (Act 930) prohibits a person from being appointed, elected or from accepting an appointment or election as a Director or Key Management Person of an MFI. Discuss 4 compelling justifications of the disqualification of a person appointed, elected or from accepting an appointment or election as a Director or Key Management Person of an MFI. **(20 Marks)**

**QUESTION 7**

There is a general believe that given the size of microfinance institutions in Tier 2 down to Tier 4, there are too many demands for policies and procedures from the management and board of these institutions.

- a) Differentiate between policy and procedure. **(4 Marks)**
- b) Discuss four (4) benefits MFIs may derive from polices and procedure manuals for their businesses. **(16 Marks)**

**QUESTION 8**

In measuring the probability and potential impact of the various strategic risks on the MFIs, the Board and Key Management Personnel will focus on the adequacy of internal policies and procedures as well as the extent to which these policies and procedures are effective to control the occurrence and mitigate the potential effect of identified risks. Write short notes on the following data sources of information and indicate how they help strategic risk management of MFIs.

- Government initiatives and programs **(5 Marks)**
- Periodic pronouncements of the regulator **(5 Marks)**
- Media publications and changes in the industry landscape **(5 Marks)**
- Data on business performance **(5 Marks)**