



CHARTERED INSTITUTE OF BANKERS, GHANA)

ASSOCIATESHIP EXAMINATION

LEVEL IV

MULTINATIONAL CORPORATE BANKING – FINANCE & INVESTMENT

APRIL 2024

N.B.

- 1. Read carefully the instructions on the cover of the answer book.**
- 2. Answer FOUR (4) questions only as follows:
SECTION A: TWO questions only.
SECTION B: TWO questions only.**
- 3. Each question in Section A carries 30 marks. Questions in Section B carry 20 marks each.**
- 4. Time allowed: THREE HOURS**
- 5. Silent, non-programmable electronic calculators may be used in this examination. Whether or not candidates use them, it is in their own interest to show the basic figures from which their calculations are made.**
- 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 PAPER UNTIL YOU HAVE BEEN

INSTRUCTED TO DO SO.**

SECTION A

QUESTION 1

- (a) Sunhome, a Multi-Level Marketing Corporation with its Headquarters in China, operating in most African countries is considering entering the Ghanaian market.

Required:

- (i) Define and discuss a Multi-Level Company **(4 marks)**
- (ii) Define and discuss Foreign Direct Investments (FDIs), including their importance to host countries. **(6 marks)**
- (iii) Why do companies engage in Foreign Direct Investments (FDIs)? **(4 marks)**
- (iv) In your opinion, what factors should companies consider in terms of their Foreign Direct Investments before entering? **(12 marks)**

(Sub Total: 26 marks)

- (b) The Lead Manager of Sunhome in charge of Ghana is working at the Uganda Branch, and has outlined their Cross-Border Investments in Ghana.

What do you understand by a Cross-Border Investment? **(4 marks)**

(Total: 30 marks)

QUESTION 2

VODAFONE Ghana is becoming TELECEL!!!!

Required:

- (a) In your opinion, what are the entering strategies that Multinational Corporations can use to enter new markets? **(12 marks)**
- (b) Which of the strategies do you think TELECEL used to enter the Ghanaian Telecom Market? **(2 marks)**
- (c) What are the advantages and disadvantages of this strategy, and how does it apply in the TELECEL situation, now that they hold 70% stake in the Company? **(16 marks)**

(Total: 30 marks)

QUESTION 3

The African Continental Free Trade Area (AfCFTA) **facilitates intra-African trade and regional value chains**. It creates a liberalized, single market for goods and services and facilitates investment and the movement of people and capital across Africa.

A Multinational Corporation operating as an Aggregator in the AfCTA Zone, in managing its short-term financing, is considering using Acceptance Credit and Commercial Paper in its operations.

Required:

Clearly distinguish between the features and benefits for Issuers and Investors of these two Financial Instruments. **(30 marks)**

SECTION B

QUESTION 4

Yaw Manu is a financial illiterate. He has just won **GHS10,000,000.00 (Ten Million Ghana Cedis)** in lottery. In a visit to your Office, and in conversation with you, Yaw tells you that he wants to invest the money himself.

Required:

As an Investment Advisor or Manager, what advice would you put forward in order to convince Yaw to let your institution manage his funds on his behalf? **(20 marks)**

QUESTION 5

What importance would you attach to the following factors when assessing the ordinary shares of a quoted public company?

- i. Management (5 marks)
- ii. Earnings (5 marks)
- iii. Net Asset Value (5 marks)
- iv. Board of Directors (5 marks)

(Total: 20 marks)

QUESTION 6

A Collective Investment Scheme is the way to go now in respect of individual investments on the Securities Market for the Youth. Nii Yartey Tackie-Yarboi has just received his first salary as a graduate of the University of Ghana. He visits your institution with all the salary in his hands for investment. Nii Yartey Tackie-Yarboi wants a clear understanding of the difference between a Mutual Fund and a Unit Trust.

As an Investment Analyst or Financial Planner, clearly state the differences and similarities between Mutual Funds and Unit Trusts to Nii Yartey Tackie-Yarboi, to enable him make an informed decision or choice that suits him. **(20 marks)**