



CHARTERED INSTITUTE OF BANKERS, GHANA
ASSOCIATESHIP EXAMINATION
LEVEL IV
RISK MANAGEMENT
APRIL 2024

N.B.

1. Read carefully the instructions on the cover of the answer book.
2. There are **EIGHT** questions in this paper. Candidates are to answer **ANY FIVE QUESTIONS** of their choice. **EACH QUESTIONS CARRIES 20 MARKS.**
3. Marks are granted based on clarity of presentation, depth of understanding of the issues involved, and firm demonstration of how candidates view Risk Management as pertinent to modern Banking Operations. Marks are to be awarded as indicated against the respective questions or their sub-divisions.
4. Bonus marks would be awarded for practical examples in day to day Local and International Banking Operations as opposed to merely citing Theoretical or Abstract Concepts.
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 used only as 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 INSTRUCTED TO DO SO.**

ANSWER ANY FIVE QUESTIONS

QUESTION 1

- (a) Explain the concept of Risk and Control Self-Assessment (RCSA) and the steps involved in crafting this essential Risk Management tool. **(10 marks)**
- (b) Mention and explain the significance of recording historical or past events in the Operational Risk Management Space in each business unit. **(5 marks)**
- (c) How does the RCSA differ from an Incident Management System? **(5 marks)**

[Total: 20 marks]

QUESTION 2

Discuss the **key advantages** of a resilient Business Continuity Management Plan. **(20 marks)**

QUESTION 3

(a) Bank of Ghana has requested the various Commercial Banks to come up with proposals for Recapitalisation following the effects of the Domestic Debt Exchange Programme (DDEP).

Recommend to your Board the various sources for this Recapitalisation, explaining how feasible these are to obtain regulatory approval. **(10 marks)**

(b) Explain Regulatory Capital, emphasizing how it is computed and its relevance in the Capital Management Scheme of a bank's ALCO. **(5 marks)**

(c) Explain Economic Capital. Distinguish Economic Capital from Regulatory Capital. **(5 marks)**

[Total: 20 marks]

QUESTION 4

Improper exercise of the Board's oversight responsibility in Enterprise Risk Management can lead to catastrophic consequences.

Discuss in detail, at least **five (5) key consequences (effects)** arising from such executive lapses.

(20 marks)

QUESTION 5

(a) What is “**Cyber Security**” in the context of Information Security Management?

(10 marks)

(b) What are the key sources of vulnerabilities in the Cyber Space of Banking Businesses?

(5 marks)

(c) Why has Cyber Security assumed such importance in Contemporary Banking? (5 marks)

[Total: 20 marks]

QUESTION 6

Discuss broadly **five (5) key areas** to be addressed by a Treasury Policy, indicating why these are critical for the effective functioning of the Treasury Department in its capital maintenance, liquidity and income generation functions. (20 marks)

QUESTION 7

Discuss at least **five (5) key risk implications** arising from the inevitable outsourcing of aspects of the banks’ operations and collaboration with Telecommunication and Fintech companies.

(Hint - Discuss operational risk perspectives) (20 marks)

QUESTION 8

Improper Liquidity Management and weak Corporate Governance practices have caused the collapse of Ghanaian banks in the past.

Discuss any **five (5) internal or regulatory** measures that these banks could have resorted to in a bid to avoid liquidation. (20 marks)