

**LAW AND FINANCIAL
SERVICES REGULATION –
EXAMINERS REPORT**

OCTOBER 2025

1. Introduction: General Observations

The general performance was excellent. Performance in respect of the objective questions was also good, which contributed to the high rate of performance of 53 out of 61 candidates who sat for the paper representing a pass rate of 86% compared to a pass rate of 95 % at the April 2025 Diet

2. Comments on Candidates' Performance

3. I. Summary Statistics of the Performance per the format in the table below.

TOTAL NO.	Q. NO.	NO. ATTEMPTED EACH QUESTION	% ATTEMPTED EACH QUESTION	PASS	FAIL	% PASS	% FAIL	TOTAL
61								
	QA1	61	100%	50	11	82%	18%	100%
	QB1	41	67%	35	6	85%	15%	100%
	QB2	29	48%	26	3	90%	10%	100%
	QB3	44	72%	30	14	68%	32%	100%
	QB4	5	8%	4	1	80%	20%	100%
	QC1	50	82%	37	13	74%	26%	100%
	QC2	11	18%	10	1	91%	9%	100%

2.2 Overall pass rate:

MARKS	REMARKS	NO. SCORING	% SCORING
81%OR MORE	Distinction	8	13.11%
50%-80%	Pass	45	73.77%
46%-49.99%	Fail A	1	1.64%
36%-45%	Fail B	4	6.56%
35% or less	Fail C	3	4.92%
Attendance		61	100.00%
Non-attendance	Absent	4	

4. General Problems Identified

The question paper featured very straightforward questions which explains the excellent performance returned. Some improvement in the handling of the Section C Case study questions was observed.

5. Specific Comments on each question

Question A1 (Pass rate - 82%)

Multiple choice questions cutting across the syllabus. Candidates performed excellently which contributed to the overall high pass rate

Question B1 (Pass rate – 85%)

This question related to five regulatory breaches by banks that may lead to revocation of a banking license. The pass rate was excellent.

Candidates were expected to discuss five factor which could lead to Bank of Ghana revoking the license of a bank. Such breaches include not operating within a year, submission of false information in applying for a license, banks operating in a safe and sound manner etc.

Many candidates stated factors which could lead merely to the institution of a fine or a penalty or other administrative sanctions, which may not necessarily lead to a revocation of bank's license. Although not entirely accurate, they were awarded some token points.

Question B2 (Pass rate - 90%)

This question concerned five major roles of the National Insurance Commission in Ghana's financial system.

Candidates were expected to discuss five major roles of NIC. Such roles include supervision and licensing of Insurance companies, protection of policy holders, market integrity etc.

Candidates performed excellently here with many scoring, full marks.

Question B3 (Pass rate – 68%)

Question 3 related to deposit insurance.

Candidates were expected to discuss five roles of the Securities and Exchange Commission

Such roles include regulation of capital market companies, fostering of market integrity, protection of investors and licensing and supervision of capital market companies

Performance here was above average.

Question B4 (Pass Rate – 80%)

This question's focus was on five rights of a data subject and five duties of a data provider under the Credit Reporting Act..

Candidates were expected to mention rights of data subjects such as the right to secrecy, the right to have access to information reported to the Credit Bureaus, the right to have the information updated etc.

The duties of data providers include the duty to provide accurate information, the duty to update the information, and the duty to keep information secret.

The performance here was also excellent.

Question C1 – Pass Rate – 74%)

This was a case study in the areas breaches of prudential requirements

Candidates were expected to identify four breaches of prudential requirements, state the regulatory actions of Bank of Ghana in response to such breaches, and outline four compliance measures that can be taken to improve on compliance in a bank

The pass rate was above average.

Question C2 (Pass rate – 91%)

The second case study question featured questions on the pre-agreement statement, duties of a lender, breaches of regulatory requirements and duties of a data controller under the Data Protection Act.

Candidates were expected to define the pre-agreement statement, outline the duties of a lender, identify two regulatory breaches and outline the duties of a data controller.

The performance as regards this question was excellent.

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Conclusion

On the whole sections Candidates handled all the three section very creditably.

OUTLINE ANSWERS

SECTION A MULTIPLE CHOICE QUESTION

Answer all Questions

Each Question carries 1 Mark for a total of 30 Marks

1. Which of the following institutions is NOT regulated under the Banks and Specialized Deposit-Taking Institutions Act 2016, (Act 930)?
 - a) Finance Companies
 - b) Savings and Loans Companies
 - c) **Financial Leasing Companies**
 - d) Rural and Community Banks
2. Pillar 1 of Basel III focuses on:
 - a) Market discipline
 - b) Supervisory review
 - c) **Minimum capital requirements**
 - d) Internal audit systems
3. The National Pensions Regulatory Authority (NPRA) was established by which of the following Acts?
 - a) **Act 766**
 - b) Act 930
 - c) Act 724
 - d) Act 992
4. Which regulatory body in Ghana is responsible for overseeing Capital Market operations?
 - a) **Securities and Exchange Commission (SEC)**
 - b) Bank of Ghana
 - c) Ghana Stock Exchange
 - d) Financial Capital Centre
5. One of the following is a supervisory technology employed by Bank of Ghana in supervising financial institutions
 - a) Online Relational Assessment System
 - b) Electronic Financial Assessment and Surveillance System
 - c) **Online Regulatory Analytic Surveillance System**
 - d) None of the above
6. Which of the following is considered a key provision under Basel III?
 - a) **Leverage Ratio**
 - b) **Deposit Insurance**
 - c) Net Margin
 - d) Current Ratio

7. Under BoG licensing guidelines, a Financial Holding Company must:
 - a) Does not need a license
 - b) Hold directorships in multiple banks
 - c) **Obtain approval and meet capital and governance requirements**
 - d) Avoid owning any financial institutions

8. Which prudential tool ensures banks maintain enough cash to meet obligations?
 - a) Leverage ratio
 - b) **Primary reserve ratio**
 - c) Return on equity
 - d) Loan-to-value ratio

9. Capital Adequacy Ratio (CAR) is important because:
 - a) It maximises profits
 - b) It controls inflation
 - c) It absorbs losses and protects depositors
 - d) It promotes trade unions

10. The Corporate Governance Disclosure Directive mandates disclosures in:
 - a) Daily Newspapers of National Circulation
 - b) Oral board meetings
 - c) **Annual reports and websites**
 - d) Internal memos

11. Bank of Ghana's Corporate governance rules require that:
 - a) All directors must be lawyers
 - b) **There must be an audit committee**
 - c) All managers must be nationals
 - d) There must be an employment committee

12. The purpose of the Data Protection Act, 2012 (Act 843) is to:
 - a) Promote banking services
 - b) **Protect individuals' personal data**
 - c) Increase tax revenue
 - d) Regulate internet cafés

13. Under the Credit Reporting Act, 2007 (Act 726), a credit bureau is responsible for:
 - a) Granting loans

- b) Prosecuting credit fraud
 - c) **Collecting and disclosing credit information**
 - d) Setting interest rates on credit facilities
14. A key obligation under the Anti-money Laundering Act, 2020 Act 1044 (AML Act) is:
- a) Offer loan guarantees
 - b) **Appoint compliance officers**
 - c) Regulate the printing of fake currency
 - d) Fund travel
15. The main objective of deposit insurance is to:
- a) Provide pension benefits
 - b) **Protect depositors from bank failure**
 - c) Encourage tax compliance
 - d) Facilitate foreign investment
16. The maximum insured coverage for a depositor with an account at a specialized deposit-taking institution under Act 931 is:
- a) **GHS 1,250**
 - b) GHS 6,250
 - c) GHS 100,000
 - d) GHS 50,000
17. The main purpose of cheque truncation is to:
- a) Eliminate the use of cheques
 - b) **Digitize and expedite cheque processing**
 - c) Store paper cheques permanently
 - d) Increase printing costs
18. Direct Credit under ACH is used for:
- a) ATM withdrawals
 - b) **Credit transfers such as salaries and pensions**
 - c) Foreign remittances
 - d) Card payments
19. Which one is a personal security?
- a) Mortgage
 - b) **Guarantee**

- c) Pledge
- d) Lien

20. Which agency registers charges over land used as security?

- a) Ghana Stock Exchange
- b) Bank of Ghana
- c) Lands Commission**
- d) Ministry of Lands

Section B Essay Questions

Answer TWO QUESTIONS ONLY

Question 1

Identify and explain any five regulatory breaches that may lead to revocation of a banking license under Act 930. [25 Marks]

Outline Answer

- Bank unable to meet its liabilities as they fall due
- Bank capital depleted
- Serious breach of terms of license
- Key shareholders, management and directors using institution as a vehicle for money laundering or other fraud
- Business carried in a manner detrimental to the interests of depositors or the public
- In the opinion of Bank of Ghana the bank is engaged in unsafe and unsound practices.
- Bank persistently contravenes the Banks and SDI Act, the Regulations directives or orders issued under the Act
- Bank fails to commence business within one year of grant of license
- Bank of Ghana is satisfied that Applicant for license provides misleading or inaccurate information i

Question 2

Discuss five major roles of the National Insurance Commission in Ghana's financial system.

[25 Marks]

Outline Answer

Licensing and Registration of Insurers and Intermediaries

- Grants licences to insurance companies, reinsurers, and intermediaries (e.g., brokers, agents, loss adjusters) –
- Ensures applicants meet capital, fit and proper, and solvency requirements
- Prevents unlicensed entities from operating in the insurance sector
- Continuous monitoring to ensure licence conditions are maintained

Regulation and Supervision of the Insurance Industry

- Issues regulations, guidelines, and directives to ensure stability
- Monitors solvency, governance, and risk management of insurers
- Conducts on-site and off-site inspections
- Takes corrective measures, including sanctions, where breaches occur

Consumer Protection and Complaint Handling

- Ensures fair treatment of policyholders
- Investigates consumer complaints against insurers or intermediaries
- Enforces claims payment obligations of insurers
- Educates the public on insurance products and rights

Enforcement of Insurance Laws and Regulations

- Ensures compliance with Insurance Act 2021 (Act 1061)
- Imposes penalties for breaches and unlicensed activities
- Can suspend or revoke licences
- Initiates legal proceedings against offenders

Development and Promotion of the Insurance Sector

- Encourages innovation in insurance products
- Promotes microinsurance and inclusive insurance services
- Works with stakeholders to expand insurance penetration
- Undertakes research and policy advocacy for industry growth

Question 3

Outline the role of the Securities and Exchange Commission (SEC) in investor protection and market integrity. [25 Marks]

Outline Answer

Investor Protection Roles

Licensing and Regulation of Market Operators

- Register and license brokers, dealers, investment advisers, fund managers, custodians, and other intermediaries –
- Ensure they meet fit and proper requirements

Disclosure and Transparency Requirements

- Enforce timely and accurate disclosure of financial and operational information by listed companies
- Ensure prospectuses and offering documents are truthful and complete

Enforcement of Fair Treatment of Investors

- Prevent insider trading, market manipulation, and fraudulent practices
- Ensure equal access to information for all investors –

Complaints Handling and Dispute Resolution

- Investigate investor complaints and take corrective measures
- Facilitate mediation or arbitration between investors and market operators

Investor Education and Awareness

- Provide education on investment products, risks, and rights of investors
- Promote informed investment decision-making

Market Integrity Roles

Regulation of Securities Markets

- Oversee stock exchanges, securities dealers, and other trading platforms
- Ensure fair, transparent, and efficient market operations

Monitoring and Surveillance

- Conduct real-time market surveillance to detect irregular trading activities
- Investigate suspicious transactions or patterns

Enforcement Actions

- Impose sanctions, fines, or suspensions for breaches of securities laws
- Refer serious cases for criminal prosecution

Corporate Governance Oversight

- Promote good corporate governance practices among listed companies and intermediaries mark
- Enforce compliance with governance codes and reporting standards

Policy Development and Market Development

- Formulate rules to enhance market confidence and stability
- Support the development of new securities products while maintaining safeguards

Question 4

Discuss five (5) rights of a data subject (borrower) and five (5) duties of a data provider under the Credit Reporting Act 2007 Act 726

Right for information to be updated

Right to accurate information

Right to secrecy

Right to a copy of the credit report

Right to provide consent for data provider to provide data on data subject to credit reference bureau

Duties of a data provider

Duty to:

- submit to a credit bureau confirmation that it has received the consent of the subject of the credit information for
 - (i) submitting information, and
 - (ii) receiving credit report on the credit information subject;
- submit accurate information
- notify the credit bureau of changes to information the data provider becomes aware of as regards information submitted on a person.
- Keep information secret
- Duty to cooperate with credit bureau
- To facilitate dispute resolution

SECTION C CASE STUDIES

Answer One (1) Question only.

Question 1

Victory Trust Bank is a medium-sized indigenous bank in Ghana. Over the past year, the bank has significantly expanded its loan book. At the same time, it has not made any major capital injections to support this growth. This has resulted in capital adequacy ratio falling to 7%.

During this period, the bank granted credit facilities totaling GHS 150 million to three companies linked to a single group resulting in an exposure amounting to 30% of the Net owned Funds of the bank.

One of the directors of the bank is affiliated with one of the companies. These loans were approved internally without escalation to the Board of Directors. No special risk provisions or classifications were applied to these facilities.

Additionally, the bank has not filed its Prudential Returns with the Bank of Ghana for three consecutive quarters.

The regulator, upon conducting an inspection, has raised concerns about compliance failures and potential risk to financial stability.

- a) Identify and explain any three (3) prudential breaches committed by Victory Trust Bank indicating the regulatory requirements under the law. [15 marks]
 - b) Explain the regulatory measures the Bank of Ghana may impose for these breaches. [5 Marks]
 - c) Recommend four (4) key compliance measures the bank must adopt to restore regulatory compliance. [10 marks]
- Total Marks [30 Marks]

Outline Answers

- (a)
 - Breach of Capital Adequacy Requirements (5 marks):
 - The bank expanded its loan book without increasing its capital base, potentially breaching the minimum Capital Adequacy Ratio (CAR) of 13%.
 - Reference: Section 29 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930) and BoG Capital Requirements Directive. –

- Breach of Single Obligor Limits (5 marks):
 - Credit facilities to companies within the same group totaling GHS 150 million may violate the single obligor exposure limits.
 - Reference: Bank of Ghana's Risk Management Guidelines and Section 62 of Act 930.
- Conflict of Interest (5 mark):
 - A director linked to one of the borrower companies participated in credit decisions without recusal.
 - Reference: Section 59 of Act 930 and Corporate Governance Directive (BoG), especially on related party transactions.- section 70
- Breach of Corporate Governance Procedures (1 mark):
 - Large loan approvals bypassed the Board of Directors, violating governance protocols.
 - Reference: BoG Corporate Governance Directive, 2018, Sections 7.1 and 7.4.
- Failure to Submit Prudential Returns (1 mark):
 - The bank failed to file statutory returns for three consecutive quarters.
 - Reference: Section 93 of Act 930 and the Bank of Ghana's Reporting Requirements.

(b) Discuss two (2) regulatory measures the Bank of Ghana may impose for these breaches.
[5 Marks]

- Administrative sanctions including:
 - Monetary penalties
- Suspension of license
- Revocation of license
- Restriction of activities
- Administrative Sanctions: The BoG may impose monetary penalties for each breach under Section 92 of Act 930.
- Directive to Recapitalise: The bank may be ordered to raise additional capital within a specified time frame to meet CAR.
- Suspension of Credit Operations: BoG may restrict the bank from issuing further loans until governance is restored.
- Removal of Directors/Key Personnel (2 marks): Under Section 60 and 61 of Act 930, BoG can remove or disqualify persons involved in misconduct.
- Public Reprimand or License Suspension: Persistent non-compliance could lead to public censure or license suspension/revocation.

(c) Recommend key compliance reforms the bank must adopt to restore regulatory compliance. [10 marks]

- Strengthen Capital Planning and Monitoring: Regularly assess capital needs using stress testing; align credit growth with capital buffers.
- Enforce Related Party Lending Policies: Implement a clear policy requiring recusal and independent review of related party exposures.
- Strengthen Board Oversight: Ensure that all large exposures are subject to Board approval and risk committee review
- Implement Regulatory Reporting Framework: Develop internal timelines for prudential reporting and designate responsible officers.
- Improve Credit Risk Governance: Define and enforce single obligor limits, and align loan portfolio growth with internal risk appetite statements.

Question 2

Unity Bank Ltd. (“Unity Bank”) is a mid-sized commercial bank with 12 branches across Ghana. Its main focus is on SMEs, personal loans, and foreign exchange services.

Unity Bank recently approved a GHS 500,000 loan to BlueWave Trading Ltd. for the import of spare parts. The loan agreement was typed in Word, signed by both parties, and kept in the branch manager’s drawer. The agreement did not include key terms such as the repayment schedule, applicable interest rate, or details of the collateral. The Bank did not give the borrower a Pre-agreement Truth in Lending Statement before the final loan agreement. The loan was also disbursed without registering the collateral at the Collateral Registry.

The Treasury Department at Unity Bank engages in daily forex trading. One afternoon, a treasury dealer decided to take advantage of a sudden USD appreciation and bought USD 1.2 million, even though the bank’s open FX position limit approved by the Bank of Ghana is USD 1 million. The dealer reasoned that “it’s just for one day and we’ll sell it tomorrow.”

Unity Bank recently ran a marketing campaign for its premium accounts. A marketing officer exported customer contact details, including phone numbers and email addresses, onto her personal laptop at home to prepare a mailing list. She did not encrypt the file or get customers’ consent before using their data.

a) What is the Pre-Agreement Truth in Lending Statement under the Borrowers and Lenders Act [4 Marks]

b) What are five (5) duties of a lender under the Borrowers and Lenders Act [10 Marks]

- c) Identify any two breaches in the above scenario indicating the regulatory provisions in respect of the matters for which Unity Bank has committed a breach [10 Marks]
- d) Outline two (2) duties of a Data Controller under the Data Protection Act 2012 Act 843 [6 Marks]
- Total Marks [30 Marks]

Outline Answer

- a) Pre-agreement statement is a statement – which summarizes the terms and conditions associated with the loan, including interest rates, fees and charges, repayment schedules, and penalty charges.
Statement that summarizes the terms and conditions of a loan
Granted prior to final agreement
Required by the Borrowers and Lenders Act and Bank of Ghana Disclosure and Product Transparency rules –

- b) Five duties of a lender:

Duty to register security interest

Duty to provide statement of account within 5 days of request

Duty not to discriminate in the granting of credit

Duty to release collateral on payment of debt

Duty to provide notice to borrower prior to realization of security

Duty to notify collateral registry on default of borrower

- c) Breaches

Failure to provide pre-agreement statement – section 57, Borrowers and Lenders Act

Failure to register security – section 22 Borrowers and Lenders Act

Breach of net open position – section 41, Act 930 net open position should not exceed a threshold provided by Bank of Ghana from time to time. – currently 15 % of net own funds

Breach of data protection laws – Data Protection Act 2012 Act 843, section 40 on prohibition of direct marketing

d) Duties of Data Controller

Process data lawfully

Accountable to data subject

To use data only for the purpose for which it was obtained

To specify the purpose of data

To process data for a purpose that is compatible with the original purpose

To maintain high quality information about customer devoid of errors and inaccuracies

To maintain data integrity and safety

To allow data subject participation