ACT

PRACTICE

PAPER

Certificate in International Cash Management – MicroCredentials

Treasury Strategy, Governance & Risk (TSGR)

Practice paper for the Certificate in International Cash Management – MicroCredentials – Treasury Strategy, Governance & Risk (TSGR)

Based on the syllabus assessed from 16 March 2026.

Introduction

This practice paper has been produced by the Awarding Body at the Association of Corporate Treasurers (ACT) to assist students in their preparation for the TSGR MicroTest. It contains a practice assessment for the specified MicroTopic as well as practice answers.

Ideally, you should have completed the majority of your studies for TSGR before attempting this practice paper. You should allow yourself 35 minutes to complete the exam. You should then review your performance to identify areas of weakness on which to concentrate the remainder of your study time.

Although the practice paper in this guide is typical of a TSGR assessment, it should be noted that it is not possible to test every single aspect of the Learning Outcomes in any one particular assessment. To prepare properly for the MicroTest, you should make full use of the tuition options where available and read as widely as possible to ensure that all Learning Outcomes have been covered.

Assessment technique: TSGR

The best approach to multiple choice assessments is to work methodically through the questions.
You should not spend too much time on any one question. If you cannot make up your mind, you should leave the question, flagging it to come back to later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

Assessment information

The TSGR assessment consists of 35 questions, split into sections A and B; and is worth a total of 35 marks.

TSGR MicroTest specification:

Section	Number of questions	Marks available	Question format
Section A	26 multiple choice questions (MCQs) and 4 multiple response questions (MRQs).	30	This section will test a cross-section of knowledge to achieve breadth of syllabus coverage.
Section B	1 mini scenario with 5 accompanying MCQs.	5	This section will test a cross-section of knowledge to achieve breadth of syllabus coverage.
Total	35	35	

Under exam conditions, 35 minutes is allowed for the TSGR MicroTest.

When you take your actual MicroTest, you will be sitting online using your own PC/Laptop. You have access to an online scientific calculator, but for the purpose of this test, you may use a non-programmable scientific calculator.

Please note that an asterisk **(*)** is used to indicate all correct answers (keys) for MCQs and MRQs in the practice assessment.

Questions

SECTION A

Section A is made up of 26 multiple choice questions and 4 multiple response questions and is worth a total of 30 marks.

26 Multiple choice questions: 26 x 1 mark questions.

4 Multiple response questions: 4 x 1 mark questions.

The purpose of this section is to test a cross-section of knowledge to achieve breadth of syllabus coverage.

1 Question Text:

Which of the following is the most important core task performed by treasury?

Options

A Achieving operational efficiencies.

B Bank account structuring.

C* Managing financial risk.

D Reporting.

Mark/Score: 1

2 Question Text:

Which of the following bank reporting formats best facilitates automated account receivable reconciliation?

Options

A Excel spreadsheets of cash balances from each group subsidiary.

B Month-end reported cash balances from each group reporting unit.

C MT940 end-of-day files from each group bank.

D* Standard format XML statements from each group bank.

Mark/Score: 1

3 Question Text:

A covenant which has to be met initially, and on certain other trigger events is known as:

Options

A a contingent covenant.

B a default covenant.

C a maintenance covenant.

D* an incurrence covenant.

Mark/Score: 1

4 Question Text:

Which of the following would be the most appropriate solution for a large volume of intercompany transactions?

Options

A Direct debit.

B Mobile wallet.

C* Multilateral netting.

D Real-time gross settlement system (RTGS).

Mark/Score: 1

5 Question Text:

Within a typical treasury management system (TMS) transaction workflow process, which step immediately follows deal confirmation in the matching system?

Options

A Approval.

B Limits check.

C Payment initiation.

D* Settlement generation.

Mark/Score: 1

6 Question Text:

According to the ACT's Ethical Code, a member who is offered a gift by someone who seeks to conduct new business with their employer should:

Options

A accept the gift but insist on paying for at least half of its market value.

B accept the gift then duly disclose the details to their line manager.

C accept the gift.

D* decline the gift.

Mark/Score: 1

7 Question Text:

Which of the following is the final stage that completes the daily cash management process?

Options

A* Funding the net deficit or investing the net surplus.

B Consolidating balances in each country.

C Executing cross border transfers.

D Balancing currency values through foreign exchange swaps.

Mark/Score: 1

8 Question Text:

When assessing a company's creditworthiness, which of the following conclusions is a credit rating agency most likely to reach if there is an unusually high level of debtors?

Options

A* Management is poor at collections.

B Invoicing is accurate and timely.

C Payments to suppliers are mostly late.

D Working capital management is highly efficient.

Mark/Score: 1

9 Question Text:

Earnings before interest, tax, depreciation and amortisation (EBITDA) is a good proxy for measuring which of the following?

Options

A* Cashflow.

B Net debt.

C Tangible net worth.

D Short-term Liquidity.

Mark/Score: 1

10 Question Text:

Which of the following is the most appropriate for high value international customer receipts?

Options

A* Real-time gross settlement system.

B Automated clearing house system.

C Direct debit.

D Multi-lateral netting solution.

Mark/Score: 1

11 Question Text:

Environment, social and governance (ESG) factors primarily affect which of the following risks for an organisation?

Options

A* Reputational risk.

B Settlement risk.

C Financial risk.

D Counterparty risk.

Mark/Score: 1

12 Question Text:

When scenario planning for a sharp downturn in commercial activity, an organisation is most likely to model its:

Options

A* liquidity.

B profitability.

C dividends.

D growth.

Mark/Score: 1

13 Question Text:

Which of the following best describes the primary objective of effective International Cash Management (ICM)?

Options

A* To ensure liquidity is available in the correct currency, location and timing to meet business needs.

B To maximise returns on surplus cash balances through long-term investments and reduce exposure to equity market volatility risks.

C To focus on daily transaction processing and minimise the need for centralised treasury decision making.

D To prioritise compliance reporting activities and reduce the administrative burden on operational teams.

Mark/Score: 1

14 Question Text:

Which of the following best explains why regulatory ring-fencing and capital controls create risk for corporate treasury? They:

Options

A* restrict the movement of cash between jurisdictions, leading to trapped liquidity within subsidiaries.

B improve the ability to pool cash globally and reduce reliance on multiple banking partners.

C increase the availability of low-cost bank funding and simplify cross-border liquidity structures.

D reduce the need for local banking relationships and standardise treasury operations globally.

Mark/Score: 1

15 Question Text:

Which of the following best explains the role of non-bank providers (fintechs) within the financial ecosystem that supports cash management? They:

Options

A* deliver innovative, technology-driven solutions that improve payment speed, cost efficiency, and user experience.

B provide full banking services, including credit provision and access to central bank clearing systems.

C replace traditional banks entirely by offering deposit protection and comprehensive regulatory coverage globally.

D operate independently of banking infrastructure and manage settlement without reliance on bank partners.

Mark/Score: 1

16 Question Text:

Which of the following best describes the primary risk associated with Real-Time Payments (RTP) systems?

Options

A* Immediate and irrevocable settlement reduces the time available to detect and prevent fraudulent transactions.

B Settlement delays create liquidity shortages that require treasury to hold larger precautionary cash buffers.

C Payments can be easily reversed, increasing operational errors and reconciliation delays for treasury teams.

D High transaction costs and limited availability restrict their use for cross-border corporate payment flows.

Mark/Score: 1

17 Question Text:

Which of the following best explains why diversification of banking relationships is important for treasury? It:

Options

A* reduces exposure to a single bank's financial distress, operational failure or geopolitical restrictions.

B enables a company to eliminate regulatory requirements associated with managing international cash balances.

C ensures all payment processing is completed through the most efficient clearing system available globally.

D increases reliance on correspondent banking networks to improve speed of cross-border payment settlement.

Mark/Score: 1

18 Question Text:

Which of the following best describes the function of the SWIFT network in international payments? It:

Options

A* provides a secure messaging system that transmits payment instructions between financial institutions worldwide.

B acts as a clearing house, guaranteeing payment completion through central counterparty risk management.

C settles cross-border transactions directly by transferring funds between sending and receiving banks globally.

D replaces all domestic payment systems by enabling instant real-time settlement across different currencies.

Mark/Score: 1

19 Question Text:

Which of the following best describes the three pillars of resilience in International Cash Management (ICM)?

Options

A* Risk management, controls and reporting, and ethical governance within the treasury framework.

B Liquidity forecasting, banking relationships, and payment system connectivity across global markets.

C Financial risk management, capital allocation, and investment strategy for surplus liquidity balances.

D Operational processes, regulatory compliance, and integration of treasury systems with enterprise platforms.

Mark/Score: 1

20 Question Text:

Which of the following best explains the difference between policies and procedures in treasury?

Options

A* Policies define high-level rules, while procedures provide detailed steps for implementing those rules.

B Policies provide operational instructions, while procedures define strategic objectives approved by the board.

C Policies outline system configurations, while procedures specify reporting outputs for treasury dashboards.

D Policies focus on daily tasks, while procedures establish governance frameworks for senior decision making.

Mark/Score: 1

21 Question Text:

Which of the following best explains the purpose of segregation of duties as a control mechanism? It:

Options

A* separates key responsibilities across different individuals to make it more difficult for employees to commit internal fraud.

B ensures all payment processing tasks are completed by a single individual to improve efficiency.

C allows treasury staff to override controls during urgent payments requiring immediate settlement.

D centralises authority for all payment approvals within the treasury leadership team structure.

Mark/Score: 1

22 Question Text:

Which of the following is TRUE in relation to Business Email Compromise (BEC) in treasury? It:

Options

A* relies on impersonation and social engineering to trick employees into making unauthorised payments.

B involves fraudulent manipulation of exchange rates to generate losses on foreign currency transactions.

C exploits payment system outages to delay settlement and creates liquidity shortages across organisations.

D results from inaccurate financial reporting that misrepresents cash balances to senior management.

Mark/Score: 1

23 Question Text:

Which of the following best describes the typical activities that would be undertaken within the second line of defence in the Three Lines of Defence model? It:

Options

A* defines risk policies, monitors compliance, and challenges the effectiveness of - risk management activities.

B provides independent audit assurance to the board regarding the effectiveness of controls and governance.

C executes daily treasury operations and ensures payments are processed correctly and efficiently.

D manages external banking relationships and negotiates credit facilities for corporate liquidity purposes.

Mark/Score: 1

24 Question Text:

Which of the following best describes the purpose of thresholds in a KPI framework? They:

Options

A* define acceptable performance levels that trigger escalation and corrective action when breached.

B provide additional data inputs to improve the accuracy and timeliness of performance calculations.

C identify which treasury systems should be used to generate and validate performance measurement outputs.

D allocate responsibility for monitoring performance levels across treasury and finance teams.

Mark/Score: 1

25 Question Text:

Which of the following best explains the concept of trapped cash percentage? The:

Options

A* proportion of cash that cannot be freely transferred due to regulatory or tax barriers.

B share of available credit facilities that cannot be drawn during periods of market stress.

C amount of cash generated from operations that is tied up in working capital cycles.

D portion of cash invested in low-yield instruments that reduces overall treasury profitability.

Mark/Score: 1

26 Question Text:

Which of the following best describes the objective of exception-first reporting in treasury dashboards? To:

Options

A* prioritise highlighting deteriorating trends that need to be brought to the attention of decision-makers.

B present all KPI data in detail so stakeholders can independently assess overall performance levels.

C ensure reports are aligned with historical trends rather than short-term fluctuations in performance data.

D provide a comprehensive audit trail of all treasury transactions for regulatory and compliance purposes.

Mark/Score: 1

27 Question Text:

Which TWO of the following are defining features of notional pooling for participating companies?

Options

A Higher interest charges and increased utilisation fees.

B Interest applied to participants' accounts is characterised as intercompany interest.

C* Participants retain legal ownership of their own account balances.

D Participants' accounts are balanced to zero by the bank.

E* The bank requires participants to sign a cross guarantee.

Mark/Score: 1

28 Question Text:

Which TWO of the following are documents governing external relationships?

Options

A* Bank account mandates.

B Board minutes.

C Delegated authorities.

D Risk committee approvals.

E Segregation of duties document.

F* Standard settlement instructions.

Mark/Score: 1

29 Question Text:

Which THREE of the following are quantitative measures of treasury departmental performance?

Options

A* Accuracy of cash forecasting.

B* Timely process completion.

C* Subsidiaries' participation in intercompany netting.

D Provision of valued advice.

E Efficiency of staff.

F Development of bank relationships.

Mark/Score: 1

30 Question Text:

The scope of ISO 20022 Financial Services, covers which of the following?

Select **ALL** that apply.

Options

A* Payment initiation.

B* Foreign exchange trade.

C* Trade services.

D Cheques.

E Commodities.

Mark/Score: 1

SECTION B

Section B consists of 1 case study-based scenario, containing 5 multiple choice questions (MCQs), **worth 1 mark each**.

These questions are all single response MCQs.

Section B will focus on smaller sections of the syllabus and requires more depth of knowledge and application to practice.

Section B – Case Study

Fable Group (FG) is a large multinational corporate, headquartered in Hong Kong, which trades in multiple geographies and currencies, as follows:

- SGD in Singapore
- HKD in Hong Kong
- USD in United States
- CNY in China.

FG runs a multilateral netting process quarterly for all its subsidiaries for intercompany trade payments only. Unfortunately, the netting process is often fraught with invoice disputes, leading to delays. The finance director has posed two questions to the cash manager about the netting process; firstly, whether it is possible to include intercompany dividends and royalty payments into the process; and secondly, whether the netting frequency is optimal for the group.

The treasury team is due to refinance HKD76m bank debt for a further six-month (182 days) term. The team is comparing the cost of external bank market funds to the cost of borrowing USD10m from FG's US subsidiary by executing a foreign exchange (FX) swap. The US subsidiary is holding a significant cash surplus in a non-interest-bearing bank account.

FG has been offered a new HKD bank loan at a margin of 1% over the 0.5% central bank rate on a 365-day year basis. Available foreign exchange rates have been quoted as follows:

- USD/HKD spot rate: 7.6000
- USD/HKD 6-month forward rate: 7.7000

The cash manager has also arranged a meeting with FG's small finance team based in China to discuss the following two issues:

1) An intercompany dividend payment to be made in CNY between a resident and non-resident account maintained in China. The cash manager advised that the payment amount must match the exact dividend declared but expects a smaller amount to reach the beneficiary account due to the fees that need to be paid to compensate the bank for central bank reporting of the transaction.

2) The Chinese business has requested that FG's treasury approve the receipt of customer mobile wallet payments. The proposal is that a corporate wallet would be set up to receive customer payments. The cash manager has refused to approve the payment method for the time being but is prepared to reconsider this decision if it can be shown that the wallet could be integrated into the local enterprise resource planning (ERP) system.

31 Question Text:

In response to the finance director's first question, the cash manager should advise that it is possible to include:

Options

A* both dividend and royalty payments.

B dividend payments only.

C neither dividend nor royalty payments.

D royalty payments only.

Mark/Score: 1

32 Question Text:

In response to the finance director's second question, the cash manager is most likely to recommend changing the frequency of netting to:

Options

A annually.

B* monthly.

C semi-annually.

D weekly.

Mark/Score: 1

33 Question Text:

Which of the following statements about the comparative costs of refinancing the maturing debt is true?

Options

A Borrowing from the US subsidiary is HKD431,562 cheaper than external bank funding.

B Borrowing from the US subsidiary is HKD568,438 cheaper than external bank funding.

C* External bank funding is HKD431,562 cheaper than borrowing from the US subsidiary.

D External bank funding is HKD568,438 cheaper than borrowing from the US subsidiary.

Mark/Score: 1

34 Question Text:

Which type of bank fee is the cash manager expecting to affect the intercompany dividend payment?

Options

A Account maintenance fees.

B Commissions in lieu of exchange charges (CILEs).

C* Lifting fees.

D Turnover charges.

Mark/Score: 1

35 Question Text:

The cash manager has currently refused to approve mobile wallet receipts in China due to concerns about the:

Options

A cost of payment execution.

B finality of payments.

C speed of payment execution.

D* visibility of payments.

Mark/Score: 1

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