



**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCED DIPLOMA IN BANKING SYLLABUS**

**(A qualification jointly awarded by the Institute of the Bankers  
in Malawi and the University of Malawi)**

**JANUARY 2011**

**Promoting Professionalism in Banking**

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## TABLE OF CONTENTS

## 1.0 INTRODUCTION

The financial world is changing. Mergers and acquisitions, rationalization and management buy outs, not to mention the developments in e-commerce, are changing the way investment and commercial banks, money markets and insurance companies, overseas markets and high Street financial retailers operate. What was the norm yesterday is old fashioned tomorrow. Keeping pace with developments, never mind staying ahead, is becoming harder and harder.

Fortunately, there is one bedrock employers and employees alike can depend on. The Institute of Bankers in Malawi (IOB Malawi) has the capacity to provide high quality professional education and support services to the financial services industry.

## 2.0 AIMS OF STUDY

At this stage, candidates are expected to acquire a very good understanding of the study areas and apply them to real life situations and make notable contributions to their organizations.

## 3.0 AREAS STUDY

The following seventeen subjects are offered at Diploma Studies in Banking.

Course Code	Course Title
1. IOBM-AD301	Financial Economics
2. IOBM-AD302	International Monetary Economics
3. IOBM-AD303	Credit Risk Assessment 2
4. IOBM-AD304	Marketing Research
5. IOBM-AD305	Risk Analysis and Management
6. IOBM-AD306	Marketing Strategy
7. IOBM-AD307	Financial and Management Accounting
8. IOBM-AD308	Corporate Finance
9. IOBM-AD309	Treasury Management 2
10. IOBM-AD310	Investments
11. IOBM-AD311	Personal Financial Planning
12. IOBM-AD312	Public Debt Management
13. IOBM-AD313	Strategic Management
14. IOBM-AD314	Property Finance Law
15. IOBM-AD315	Law of Credit and Securities
16. IOBM-AD316	Estate Planning
17. IOBM-AD317	Funding and Risk Management
18. IOBM-AD318	Advanced Banking Law
19. IOBM-AD319	Taxation 2
20. IOBM-AD320	Financial Markets 2

The above subjects are further grouped into five areas of specialization namely;

1. Credit Management,
2. Marketing,

3. Treasury and International Banking,
4. Estates and Trusts
5. Financial Planning

The subjects are further sub divided into three categories of generic core, specialist and electives. Generic core and specialist subjects are compulsory and must be studied by all candidates in line with areas of specialisation. However, candidates are allowed to choose two subjects from a list of electives category to complete a total of eight subjects required for an award in Advanced Diploma in Banking.

To qualify for an Advanced Diploma in Banking, candidates need to pass eight subjects three generic subjects, three specialist subjects and any two elective subjects.

### 3.1 Generic Subjects

Course Code	Course Title
IOBM–AD305	Risk Analysis and Management
IOBM–AD313	Strategic Management
IOBM–AD318	Advanced Banking Law

The generic subjects are compulsory and must be studied and passed in addition to by every candidate studying for an Advanced Diploma in Banking.

### 3.2 specialist core subjects

#### 3.2.1 Credit Management

Candidates specialising in Credit Management are required to study the specialist subjects related to this field in addition to the three generic core subjects to be pursued at this level outlined above. Candidates are also expected to study two subjects from the category of elective subjects in order to make a total of eight subjects required to qualify for the award of Advanced Diploma in Banking (Credit Management). The specialist subjects in Credit Management are as follows:

Course Code	Course Title
IOBM–AD307	Financial and Management Accounting
IOBM–AD303	Credit Risk Assessment 2
IOBM–AD315	Law of Credit and Securities

#### 3.2.2 Marketing

Candidates specialising in Marketing are required to study three specialist subjects related to this field in addition to the three generic core subjects to be pursued at this level outlined above. Candidates are also expected to study two elective subjects in order to make a total of eight subjects required to qualify for the award of Advanced Diploma in Banking. The specialist subjects in marketing are as follows:

Course Code	Course Title
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IOBM–AD304	Marketing Research
IOBM–AD306	Marketing Strategy
IOBM–AD302	International Monetary Economics

### 3.2.3 Treasury and International Banking

Candidates specialising in Treasury and International Banking are required to study three specialist subjects related to this field in addition to the three generic core subjects to be pursued at this level outlined above.

Candidates are also be expected to study two elective subjects in order to make a total of eight subjects required to qualify for the award of Advanced Diploma in Banking (Treasury and International Banking). The specialist subjects in Treasury and International Banking are as follows:

Course Code	Course Title
IOBM–AD309	Treasury Management 2
IOBM–AD320	Financial Markets 2
IOBM–AD310	Investments

The above subjects will be taken by all those who want to specialise in treasury management and international banking.

### 3.2.4 Estates and Trusts

Candidates specialising in Estates and Trusts are required to study three specialist subjects related to this field in addition to the three generic core subjects to be pursued at this level outlined above. Candidates are also expected to study two elective subjects in order to make a total of eight subjects required to qualify for an award in Advanced Diploma in Banking (Estates and Trusts). The specialist subjects in Estates and Trusts are as follows:

Course Code	Course Title
IOBM–AD310	Investments
IOBM–AD311	Personal Financial Planning
IOBM–AD316	Estate Planning

### 3.2.5 Financial Planning

Candidates specialising in Financial Planning are required to study three specialist subjects related to this field in addition to the three generic core subjects to be pursued at this level outlined above. Candidates are also expected to study two elective subjects in order to make a total of eight subjects required to qualify for an award in Diploma in Banking (Financial Planning). The specialist subjects in Financial Planning are as follows:

Course Code	Course Title
IOBM–AD311	Personal Financial Planning

IOBM–AD308	Corporate Finance
IOBM–AD310	Investments

### **3.3 Elective Subjects**

In order to make up for eight subjects required for an award in an Advanced Diploma in Banking, candidates specialising in any one of the six professional areas are required to take two subject from the category of elective subjects outlined below.

<b>Course Code</b>	<b>Course Title</b>
IOBM–AD301	Financial Economics
IOBM–AD312	Taxation 2
IOBM–AD317	Funding and Risk Management
IOBM–AD314	Property Finance Law

### **4.0 RULES AND REGULATIONS**

These Rules and Regulations apply to admission requirements and professional examinations set and administered by the Institute of Bankers in Malawi for the Diploma in Banking.

#### **4.1 Entry Requirements**

Those eligible to register for Diploma in Banking program must possess an Institute of Bankers Certificate in Banking or a degree obtained from a recognised institution.

#### **4.2 Duration of study**

The study period is very flexible in order to accommodate interests of various individuals but the Institute conducts examinations after every six months in October and April of each year. Candidates are allowed to study and seat for a maximum of four subjects within any one study period of six months at diploma stage.

#### **4.3 Exemptions**

Students wishing to request for exemptions in some courses or level of study are required to submit a separate application for exemptions to the Executive Director of the Institute of Bankers. All exemptions will granted by the Council upon consideration of each particular case.

4.3.1 Exemptions will be granted at the discretion of the Institute at the recommendation of the Academic and Quality Monitoring Committee.

4.3.2 Exemptions will be granted to students who possess academic and professional qualifications from recognized educational institutions which are acceptable by the Institute.

4.3.3 Applications for exemptions must be accompanied by documentary evidence of the qualification papers and exemption application fees.

#### **4.4 Examinations**

- 4.4.1 Examinations shall be conducted twice in every calendar year, in April and in October.
- 4.4.2 The Council will establish examination centres and will from time to time review these centre in light of distribution pattern of students.
- 4.4.3 The Institute will write all students advising them of established examinations centres and each student to indicate a centre he/she would like to sit for examinations, four weeks before the examination date.

#### **4.5 Examination Fees**

All examination fees are payable to the Institute of Bankers by end August for October examinations and by end February for April examinations.

#### **4.6 Failure to sit for Examinations**

- 4.6.1 If for any reason a student has failed to sit for examinations after paying examination fees, the fees will be carried forward and the student will be allowed to sit for the next examinations provided that notification for such change is received by the Institute two weeks before the examination date.
- 4.6.2 Failure to do so shall mean the examination fees will be forfeited. However, such students will be requested to pay an administration handling fee which will be equivalent to 20% of the total examination fees paid.
- 4.6.3 Similarly, if a student wants to withdraw from examinations after paying the fees, the Institute will deduct 20% from fees already paid as handling fee and reimburse the balance.
- 4.6.4 Students will only be allowed to defer examinations twice and any further deferments on other grounds other than due to illness or death of a close relative will not be allowed. In such cases, the examination fees will be forfeited.

#### **4.7 Examination Results**

- 4.7.1 Examination results will be ready within two months from the date on which the last examination paper is written.
- 4.7.2 All candidates will be notified of the examination results by mail. The results may be published in a manner to be determined by the Council. The results may be given to institutions and employers at their request.

#### **4.8 Assessment**

- 4.8.1 Examinations will be marked out of 100 percent and results will be reported as follows:

75 and above

Distinction

60-74	Credit
50-59	Pass
0-49	Fail

- 4.8.2 Candidates who fulfill the requirements for the Certificate will be issued with a certificate within reasonable time.
- 4.8.3 Examination irregularities of any kind will be dealt with by the Council at the recommendation of the Academic and Quality Monitoring Committee.

## 5.0 PENALTIES FOR IRREGULARITIES AND UNFAIR PRACTICES

The Council of the Institute will fully exercise its authority to impose penalties, at its discretion including disqualification from the Institute's examinations and/or membership, on any candidate who may have been found to have breached the Rules and Regulations of examinations or committed an act of misconduct in respect of any other matter affecting the Institute.

The irregularities students to be punished for may include but not limited to the following;

- 5.1 Smuggling of forbidden/foreign material in the examination room.
- 5.2 Copying answers from another candidate or referring to books, notes or any other unauthorized sources.
- 5.3 Communicating and/or colluding with others in the examination room in a manner as to suggest cheating or passing on or receiving information.
- 5.4 Impersonation i.e. sitting for the examination on behalf of another by one who is not registered as a candidate.
- 5.5 Attempting to procure assistance from or give the same to another candidate.
- 5.6 Where leakage and/or mass cheating has occurred.
- 5.7 Rudeness in the examination room, including verbal abuse or physical assault to invigilating and/or supervising staff.
- 5.8 Making unwarranted, irregular and/or abnormal appeals/ requests to the examiner in the answer book.
- 5.9 Unauthorized change of sitting centre.
- 5.10 Escaping with examination scripts and other material.
- 5.11 Tearing of script in disgust/frustration/anger or for any other reason.
- 5.12 Committing of fraud/forgery/mutilation of the script and its abatement, collusion, etc

- 5.13 Disobedience/violation of orders of the invigilators/supervisory staff /centre superintendent.
- 5.14 Indulgence and involvement in disturbances, rioting, rowdyism, provocation, agitation, walkout, causing damage to furniture and property in or around the examination premise.
- 5.15 Possession of assault material such as firearms and such other weapons that can be used offensively.
- 5.16 Cell phones/mobile phones will not be allowed into the examination rooms.
- 5.17 Any other infringement of rules, etc.

## **6.0 APPEALS PROCEDURES – ADHOC APPEALS COMMITTEE**

- 6.1 There shall be an Adhoc Appeals Committee which will be constituted on a need basis and disbanded after resolving any specific issues referred to. The Adhoc Appeals Committee shall be constituted by the Chairman of the Academic and Quality Monitoring Committee.
- 6.2 Any student wishing to make an appeal must direct his/her case to the Executive Director, Institute of Bankers who will in turn direct it to the Chairperson of the Academic and Quality Monitoring Committee.
- 6.3 Upon receiving an appeal, the Chairperson of the Academic and Quality Monitoring Committee will constitute an Adhoc appeals Committee which will consist of one Council Member who will chair the committee and three other reputable individuals from IOB Malawi corporate members to handle the case.
- 6.4 A student making an appeal shall be heard on his/her appeal orally or in writing and he/she shall bear the cost of appealing for the purpose of being heard.
- 6.5 Any official of the Institute affected by the appeal or his nominee shall be invited as witnesses.
- 6.6 After hearing the case, the Adhoc Appeals Committee will make its recommendations to the Chairperson of the Academic and Quality Monitoring Committee who will forward the case to the IOB Malawi Council with comments for final decision. The Council's determination on any matter will be final.

## **7.0 AMENDMENT OF RULES**

The Council may, at the recommendation of the Academic and Quality Monitoring Committee, revise, amend or modify these rules and regulations in order to meet needs of the profession.

## THE ADVANCED DIPLOMA IN BANKING STUDY PROGRAMME

<b>Course Code</b>	<b>Course Title</b>
1. IOBM-AD301	Financial Economics
2. IOBM-AD302	International Monetary Economics
3. IOBM-AD303	Credit Risk Assessment 2
4. IOBM-AD304	Marketing Research
5. IOBM-AD305	Risk Analyses and Management
6. IOBM-AD306	Marketing Strategy
7. IOBM-AD307	Financial and Management Accounting
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9. IOBM-AD309	Treasury Management 2
10. IOBM-AD310	Investments
11. IOBM-AD311	Personal Financial Planning
12. IOBM-AD312	Taxation 2
13. IOBM-AD313	Public Debt Management
14. IOBM-AD314	Strategic Management
15. IOBM-AD315	Land Law
16. IOBM-AD316	Law of Credit and Securities
17. IOBM-AD317	Estate Planning
18. IOBM-AD318	Funding and Risk Management
19. IOBM-AD319	Advanced Banking Law
20. IOBM-AD320	Property Finance Law
21. IOBM-AD321	Financial Markets 2

## 8.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSES

### 8.1 FINANCIAL ECONOMICS

IOBM-AD301

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Financial Economics
<b>Course code:</b>	IOBM-AD301
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 8.1.1 Aim of the study

To enable candidates acquire knowledge and skills in financial economics

#### 8.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain theoretical concepts and principles in financial economics
- (b) Analyse financial options for business decision-making process
- (c) Interpret statistical applications in financial economics.

#### 8.1.3 Topics of Study

- (a) Interest
  - Simple interest
  - Compound interest
  - Present and future values
  - Interest rate and time period
  - Nominal and effective interest rates
  - Equivalent effective rates
  - Analysis of term structure of interest rates
- (b) Annuities
  - Concept of annuities
  - Types of annuities
  - Graphical representation of annuities on time lines
  - Present and future values of annuities

- Ordinary perpetuity and perpetuity due
  - Present values for ordinary perpetuity and perpetuity due
  - Finite constant growth annuity models
- (c) Amortisation
- Concept of amortisation
  - Construction of amortisation schedule
  - Concept of sinking fund
  - Sinking fund schedule
- (d) Sensitivity measures and treasury instruments
- (d) Forward interest rates
  - (di) Forward Foreign exchange rates
  - (dii) Offshore finance
  - (diii) Treasury bond
  - (div) Price/Yields relationships for bonds
  - (dv) Application to pricing forward instruments
  - (dvi) Fixed interest securities
  - (dvii) Comparative borrowing costs
  - (dviii) Comparative investment return
- (e) Theoretical concepts of financial economics
- Classical theory
  - Loanable funds theory
  - Monetarist theory
  - Neo-keynesian theory
  - Theories explaining yield curves and types
  - Assumptions of random walk: efficient market theory
  - Market models on valuations
- (f) Applications of statistics in financial economics
- Graphical representation of data
  - Measures of central tendency
  - Measures of dispersion
  
  - Confidence intervals
  - Hypothesis testing
  - Regression analysis
  - Time series with error estimates
- (g) Asset Pricing Models
- The mean variance model
  - Capital Asset Pricing Model (CAPM)
  - Empirical Evaluation of Asset Pricing Models

(h) Financial Investments and Financial Market Analysis

- Options markets and prices
- Forward and future markets and prices
- The term structure of interest rates and the yield curve
- Stock price determination

**8.1.4 Recommended readings**

Stephen F LeRoy, Jan Werner. Principals of financial economics, Cambridge University Press.

Thomas H. Wonnacott and Ronald Wonnacott. Introductory statistics for business and economics (4<sup>th</sup> ed.) New York (1990)

Cheng F Lee, John Lee and Alice Lee. Statistics for business and financial economics. World Scientific Press.

McClave J.T. A first course in Business and statistics and mathematics, (7<sup>th</sup> ed.) Prentice Hall, USA (1998).

Michael Wilkes. Operational research analysis and applications.

Financial Economics Course Manual, Institute of Bankers in Malawi, 2007

## 9.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 9.1 INTERNATIONAL MONETARY ECONOMICS

IOBM-AD302

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	International Monetary Economics
<b>Course code:</b>	IOBM-AD302
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 9.1.1 Aim of the study

To enable candidates acquire knowledge of international monetary economics, financial aspects and their application to international banking and treasury.

#### 9.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain the role of the international financial institutions in the international monetary systems
- (b) Explain the evolution of the international monetary system
- (c) Apply financial aspects of monetary economics in banking and Treasury
- (d) Assess the implication of policies on local economies prescribed by international financial institutions

#### 9.1.3 Topics of study

- (a) The gold standard
  - Concept of the gold standard
  - Functions of the gold standard
- (b) The Bretton Woods system
  - Workings of the Bretton Woods system
  - Collapse of the Bretton Woods system
- (c) History of the International monetary fund (IMF)
  - Roles of the IMF
  - Functions of the IMF
  - Nature of the IMF

- The quotas, borrowing and lending facilities of the IMF
- (d) National income and Balance of payments accounts
- Nature of balance of payments
  - Adjustment of balance of payments
  - Relationships between balance of payments and deficits and surpluses
- (e) Exchange rates and interest rate parity
- Exchange rate determination in the short run and in the long run
  - Floating exchange rates
  - Fixed exchange rate systems
  - Reserves for fixed and floating exchange rates
  - Adjustable peg systems
- (f) Developing countries debt crises
- The international debt problem
  - Debt default
  - Debt relief
  - Debt crisis of Sub-Saharan Africa
  - Capital flight from developing countries
- (g) History of the European Monetary Union (EMU)
- The euro
  - Characteristics of the euro
  - The dollar
  - Functions of the EMU
  - Roles of EMU
  - Workings of the eurocurrency markets
- (h) Liquidity
- Concept of International liquidity
  - Concept of financial liberalization
  - Capital movements
  - Assessment of international liquidity needs
  - Composition of international liquidity
  - Problems in controlling international liquidity

#### 9.1.4 Recommended readings

Maccullum, B.T., International Monetary Economics, Oxford University Press, Oxford, (1996).

Flanders M.J. International Monetary Economics, 1870-1960: Between the classical and the new classical, Cambridge University Press, Cambridge, (1989).

Dominick Salvatore. International economics, (8<sup>th</sup> ed), 2004.

Bennett T. McCallum. International monetary economics, Oxford University Press.

M. June Flanders. International monetary economics 1870-1960: Between the classical and the new classical. Cambridge University Press.

Barry Eichengreen. International Monetary Arrangements for the 21<sup>st</sup> Century, Brookings Institution Press.

International Monetary Economics Course Manual, Institute of Bankers in Malawi, 2007

## 10.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 10.1 CREDIT RISK ASSESSMENT 2

IOBM-AD303

<b>Programme:</b>	Advanced Diploma in Banking		
<b>Course title:</b>	Credit Risk Assessment 2		
<b>Course code:</b>	IOBM-AD303		
<b>Level of study:</b>	3		
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi		
<b>Presented by:</b>	The Institute of Bankers in Malawi		
<b>Lecture hrs/ week:</b>	4 x 1 hour8.	<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%		

#### 10.1.1 Aim of the study

To enable students should be able to compile and present credit proposals and assess such a proposals in terms of both financial and non-financial information.

#### 10.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Describe how risk preferences influence decisions.
- (b) Describe how hedging can be used as a means to avoid risk.
- (c) Identify factors, which influence credit risk.
- (d) Identify various risk elements organizations are faced with.
- (e) Describe different sources of finances.

#### 10.1.3 Topics of study

##### (a) Introduction

- Risk/return/credit risk
- Difference between risk and uncertainty
- The risk-return trade-off
- Hedging

##### (b) Sources of Finance

- Long-term and short-term sources of finance
- Advantages and disadvantages of the various sources of finance
- Risks involved in selecting inappropriate source of finance
- Economic evaluations
  
- The concept of pledging and associated risks
- Collateral held by bank when asset is financed in terms of the Credit Agreements Act.

- Other forms of collateral
- (c) Credit
  - Features of good credit policies
  - Interaction between the client and the external environment
  - SWOT Analysis
  - Characteristics of a good credit proposal
- (d) Credit Scoring
  - Criteria on which bankers base decisions
  - Limitations and advantages of credit scoring systems
  - Prediction of financial failure
  - Assessing a credit application
    - Safety principle
    - Suitability
    - Profitability

#### **10.1.4 Recommended readings**

de Servigny and Renault O. Measuring and Managing Credit Risk, 2004. Business and Economics

Gallati R. Risk Management and Capital Adequacy, 2003. Business & Economics, McGraw-Hill Professional

Credit Risk Management 2 Course Manual, Institute of Bankers in Malawi, 2007

## 11.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 11.1 MARKETING RESEARCH

IOBM-AD304

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Marketing Research
<b>Course code:</b>	IOBM-AD304
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 11.1.1 Aim of the study

To enable students gain an in depth understanding of the basic principles of research design, layout, implementation, analysis and reporting.

#### 11.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain marketing research process
- (b) Carry out marketing research
- © Write research reports and
- (d) Develop team working skills

#### 11.1.3 Topics of study

- (a) Marketing Research
  - Definition
  - Who does marketing research?
  - Organisation of marketing research
- (b) Marketing Intelligence
  - Alternative approaches to marketing intelligence
  - Marketing information systems
  - DSS, EIS, ES
  - Marketing research ethics.
- (c) The Research Process
  - Problem identification
  - Research design

- Data collection methods and forms
  - Sample design
  - Analysis of data
  - Research reports.
- (d) Research Briefs and Proposal
- What is a research brief?
  - What is a research proposal?
  - Contents of a research brief
  - Preparation of research proposal
  - In-house research vs external agency.
- (e) Data Collection Methods
- Using secondary data
  - Sources of secondary data
  - The Internet
  - Advantages and disadvantages of secondary data
  - Types of primary data
  - Means of obtaining primary data
  - Questionnaire design
  - Administration of questionnaires
- (f) Sample Design and Data Collection
- Sampling design process
    - Population
    - Sampling frame
    - Sampling techniques
    - Sample size
    - Sampling process
  - Type of sampling plans
    - Probability sampling
    - Non-probability sampling
  - Non-response issues in sampling
  - Sampling and non-sampling errors
- (g) Analysis and Interpretation of Data
- Editing
  - Coding
  - Tabulation
  - Overview of statistical procedures
    - Univariate analysis
    - Multivariate analysis

- Hypothesis testing
- Simple regression and correlation analysis

(h) The Research Report

- Writing criteria
  - Completeness
  - Accuracy
  - Clarity
  - Conciseness
- Forms of reports
  - Title page
  - Table of contents
  - Summary
  - Introduction
  - Body
  - Conclusion
  - Conclusion and recommendation
  - Appendix
- Oral reports
  - Preparing
  - Delivering
- Graphical presentation of results

**11.1.4 Recommended readings**

McDaniel D et al. Marketing Research Essentials. (2005), John Wiley & Sons Inc

McDaniel D et al. Marketing Research, (2004), John Wiley & Sons Inc

Hair JF et al. Marketing Research: Within a Changing Environment, McGraw-Hill/Irwin

Churchill, G.A. Marketing Research: Methodological Foundations, Dryden Press, Fort Worth.

Burns AC & Bush RF. Marketing Research with SPSS 13.0 Student Version for Windows (2005), McGraw-Hill

Malhotra, N.K. Marketing Research: An Applied Orientation, Prentice Hall, London.

Marketing Research Course Manual, Institute of Bankers in Malawi, 2007

## 12.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 12.1 RISK ANALYSIS AND MANAGEMENT

IOBM-AD305

#### SYLLABUS

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Risk Analysis and Management
<b>Course code:</b>	IOBM-AD305
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hours
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 12.1.1. Aim of the study

To enable students become aware of the principles and purpose of different risk management and financing solutions from a perspective of a corporation that faces a range of risks in its everyday business

#### 12.1.2. Objectives of the study

By the end of the course students should be able to:

- (a) Define risk management and its key components
- (b) Identify sources of risks facing any business
- (c) Identify risks faced by organization in their businesses involved in property financing
- (d) Describe risk management process
- (e) Apply risk control techniques
- (f) Identify costs and benefits of risk financing

#### 12.1.3 Topics of study

##### (a) Organisational Characteristics Related to Risk

- Nature of business operations
- Capital needs and availability
- Investors requirement and attitudes
- Reserves and shareholders' funds
- Interests and demands of stakeholders.

##### (b) Factors Affecting Productive Operational Capacity

- Access to finance
- Material assets
- Human resources
- Intellectual property

- External factors
- (c) Responsibility of Management
- Corporate governance
  - Understanding of value-at-risk and the need for positive cash flow.
  - Prioritising risk treatment
  - Risk management and change management.
- (d) Techniques for the Identification of Risk
- Steps to identify risk
  - Techniques
    - Physical inspection
    - Flowcharts to access nodes of risks
    - HAZOP studies and fault trees
    - The collation of internal and external loss data
    - Recognition of behaviour factors.
- (e) Evaluation of Risk Data
- Statistical and analytical methods
  - Probability distributions, linear regression, correlation, Frequency distribution, location, dispersion and skew.
  - Simulation.
- (f) Adverse Consequences of Risk
- Bodily injury
  - Mental and emotional damage
  - Risks to intellectual property
  - Defamation and discrimination risks
  - Actions by third parties
  - Factors arising from international activities.
- (g) Business Continuity
- Business Continuity Institute (BCI) standards scenarios planning
  - Stress testing
  - Financial and other implications of adverse risk occurrences.
- (h) Handling Risk Consequences
- Access to specialists
  - Cost of internal resources
  - Cost and availability of external specialists
  - Risk sharing partnerships
  - Insurance
  - Securitisation

- Hedging and neutralisation

#### **12.1.4 Recommended readings**

Cowan N Risk Analysis and Evaluation, 2<sup>nd</sup> Ed. (IFS), Anthony Rowe Ltd Wiltshire 2005

Punter A., Risk Financing and Management, (IFS), Anthony Rowe Ltd Wiltshire 2005

Vlasta Molak. Fundamentals of risk analysis and risk management, CRC Press. 2002

John Bartlett and Chris Chapman. Project risk analysis and management (2<sup>nd</sup> ed.) APM Publishing limited. 2003.

Society of Risk analysis. New risks: Issues and management, 2002.

Risk Analysis and Management Course Manual, Institute of Bankers in Malawi Course Manual, 2007

## **13.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE**

### **13.1 MARKETING STRATEGY**

**IOBM-AD306**

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Marketing Strategy
<b>Course code:</b>	IOBM-306
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### **13.1.1. Aim of the study**

To enable students perform a marketing situational analysis in order to formulate business and marketing strategies.

#### **13.1.2 Objectives of the study**

By the end of the course students should be able to:

- (a) Explain the role of marketing in corporate structure.
- (b) Apply knowledge and skills in analysis and decision within the marketing context.
- (c) Apply marketing plan framework

#### **13.1.3. Topics of study**

- (a) Planning and Control
  - Introduction
  - Strategic and marketing analysis
  - Strategy formulation
  - Strategic evaluation and choice
  - Strategic implementation and control
- (b) Marketing Communications Strategy
  - Communications planning
  - Promotion and the promotional mix
  - Campaign planning
  - Selecting agencies
  - Communications research
- (c) International Marketing Strategy
  - Rationale for international marketing
  - Risks involved in international marketing

- Factors affecting marketing
  - International marketing research
- (d) Financial Aspects of Marketing
- Financial statements
  - Analysis of financial performance
  - Cashflow forecasting
  - Sources of finance
  - Inflation
- (e) Current Issues in Marketing
- Relationship marketing
  - Total marketing
    - Total quality
    - Marketing concept
  - Improving marketing orientation
  - Internal marketing
  - Brand management
    - Culture
    - Values
    - Change

#### 13.1.4 Recommended readings

Sharan Jagpal. Marketing strategy and uncertainty, Oxford University Press. 2002.  
 Paul Fifield. Marketing strategy (2<sup>nd</sup> ed.) 2003. CIM.

Edward L. Nash. Direct marketing: Strategy, Planning, Execution, (4<sup>th</sup> ed.) 2001.  
 Bob Stone. Successful direct marketing methods. (7<sup>th</sup> ed.), 2001.

Marketing Strategy Course Manual, Institute of Bankers in Malawi, 2007

## 14.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 14.1 FINANCIAL AND MANAGEMENT ACCOUNTING

IOBM-AD307

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Financial and Management Accounting
<b>Course code:</b>	IOBM-AD307
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 14.1.1. Aim of the study

To students understand the basic principles of both financial accounting and management accounting and their applications.

#### 14.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain the nature of financial and management accounting
- (b) Explain the role of financial and management accounts in decision making processes
- (c) Analyse financial and management accounts
- (d) Prepare financial statements for incorporated and unincorporated businesses.

#### 14.1.3. Topics of study

(a) Nature of Accounting

- Differing function of financial accounting and management accounting
- Concepts of generally accepted accounting practice accounting bases and policies.

(b) Partnership

- Definition
- Accounting treatment of transactions affecting partnership
- Treatment of goodwill in partnership
- Changes upon death or retirement or admission of partner
- Financial statements of partnership

(c) Non-Profit Making Organisation

- Definition
- Accounting procedures
- Financial statements

(d) Close Corporation

- Definition
- Accounting requirements
- Taxation treatment
- Conversion of company
- Financial statements

(e) Limited Liability Company

- Nature of limited liability
- Legal aspects of Companies Act
- Issuing of debentures and shares
  - Classes and types
  - Par value and non-par value
- Treatment of reserves: Distributable and non-distributable
- Accounting treatment of:
  - Taxation
  - Dividends and appropriation of profits
  - Issuing and redemption of preference shares
- Financial statements
  - Income statement
  - Balance sheet
  - Cash flow statement

(f) Group Limited Companies

- Definition of holding company, subsidiary company and an associate company.
- Characteristics of group
- Control and composition of companies
- Group statements and their functions

(g) Management Accounting

- Basic principles
- Elements of cost
  - Materials
  - Labour
  - Overheads
- Management of stock: Different methods of valuing stock
- Labour
  - Recording and costing
  - Remuneration methods
  - Calculation
- Overheads
  - Classification
  - Calculation

- (h) Process and Product Costing
  - Characteristics of process costing and methods of pricing
  - Joint products and by-products
  - Methods of apportionment of joint costs
  
- (i) Budgets
  - Meaning of budget
  - Function and purpose of budget and budgetary control
  - Advantages and disadvantages
  - Aspects of budget preparation
  - Preparation of functional budgets
    - Sales
    - Production
    - Cash
  - Relationship between budgets and long range plans
  
- (j) Standard Costing
  - Concept and role in manufacturing enterprise
  - Standard costing versus budget control
  - Uses of standard cost
  - Control of costs
  - Variance analysis covering material (price/usage), labour (rate/efficiency) overheads and sales
  - Standard cost book-keeping
  
- (k) Breakeven Analysis
  - Nature of cost-volume profit analysis
  - Marginal costing
  - Techniques of breakeven analysis
    - Marginal income per unit
    - Marginal income ration
    - Equation
    - Algebraic
    - Graphical
  - Interpretation of results
  - Operating leverage

#### 14.1.4. Recommended readings

Wood F. Business Accounting 2

Drury C. Cost and Management Accounting. Prentice Hall London 2005

Garrison RH & Noreen E.W. Managerial Accounting: Concepts for Planning, control, Decision Making. (1993), McGrawHill.

Yoder SE & Knight S.D. Micro-Accounting: setting up your books on the computer, (1985). Prentice-Hall.

Financial and Management Accounting Course Manual, Institute of Bankers in Malawi, 2007

## 15.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 15.1 CORPORATE FINANCE

IOBM-AD308

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Corporate Finance
<b>Course code:</b>	IOBM-AD308
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 15.1.1. Aim of the study

To provide students with knowledge and skills on financial strategies available to businesses.

#### 15.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Identify sources of finance
- (b) Apply business evaluation techniques
- (c) Formulate financial strategies

#### 15.1.3 Topics of study

- (a) Financial objectives
  - Definition of corporate finance
  - Shareholders wealth
  - Non-financial objectives
  - Stakeholders and objectives
  - Shareholders and management
  - Shareholder value analysis
- (b) Time value of money
  - Present value
  - Future value
  - Discounting
  - Compounding
  - Required return
  - Opportunity cost of capital
  - Net present value
- c) Sources of Finance and Their Costs

- Ordinary shares (equity)
  - Preference shares
  - Debentures
  - Retained income
  - Calculation of weighted average cost of capital
  - Factors considered in calculations
    - Tax implications
    - Dividend policy
    - Economic growth
    - Risk
- (d) Valuation of securities
- Share prices and investment returns
  - Fundamental analysis of share values
  - Clarity theory
  - Random walk theory
  - Efficient market hypothesis
- (e) Cost of funds
- Cost of different sources of funds
  - Weighted average cost of capital
- (f) Capital structure
- Gearing
  - Traditional view
  - Net operating income approach
  - Modigliani-Miller theories
- (g) Portfolio Management
- Portfolio and portfolio theory
  - Investors preferences
- (h) The Capital Asset Pricing Model (CAPM)
- Risk and the CAPM
  - CAPM and portfolio management
  - Gearing and Beta values
  - Implications of CAPM
- (i) Working Capital Management
- Working capital characteristics
  - Managing stocks and creditors
  - Cash management

- Monitoring and collecting debtors
  - Management of creditors
- (j) Dividend Policy
- Dividend and relating
  - Diving policy
- (k) Investment Appraisal and Decision Making
- Objectives and capital budgeting
  - Investment appraisal methods
  - Tax implications, uncertainty and inflation on business decision.
  - Capital asset pricing model
    - Its use and limitations
    - Calculation of rate of return, Beta coefficient and market rate of return.
- (l) Mergers and Acquisitions
- Basic fundamentals
  - Financing
  - Impact on performance of capital reconstruction and disinvestments

#### 15.1.4. Recommended readings

Brealey RA and Myers S.C. Fundamentals of Corporate Finance. (2004). McGraw-Hill

de Matos JA, Theoretical Foundations of Corporate Finance; (2002). Princeton University Press.

Ross AR et al. Corporate Finance. (2004). McGraw-Hill College

Ross SA. Fundamentals of Corporate Finance. (2005). McGraw-Hill College

Keown AJ and Scott D.F. Financial Management: Principles and Applications; (2004). Prentice Hall

Bodie Z and Merton R.C. Finance. (2000), Prentice Hall Inc.

Gitman L.J. Principles of Managerial Finance, (1998). Addison Wesley Longman Inc.

Corporate Finance Course Manual, Institute of Bankers in Malawi, 2007itute of Bankers in Malawi

## 16.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 16.1 TREASURY MANAGEMENT 2

IOBM-AD309

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Treasury Management 2
<b>Course code:</b>	IOBM-AD309
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 16.1.1 Aim of the study

To enable students to acquire an in depth understanding of the treasury function.

#### 16.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Describe operations and procedures that create sound treasury function.
- (b) Explain the growth of business through the maintenance of sustainable treasurership that includes currency management, funding management and liquidity management.
- (c) Identify various problems associated with treasury function and the need for internal controls.

#### 16.1.3 Topics of study

- (a) Nature of Treasury Function
  - Treasury functions
  - Forms of treasury function
    - Centralized
    - Decentralized
- (b) Cash Management Functions
  - Importance
  - Objectives
  - Cashflow cycle
  - Cashflow budgeting and forecasting
  - Electronic cash management
  - Concept of netting
- (c) Financial Planning Process

- Capital budgeting
  - Risk analysis
  - Identification of problems of managing treasury performance
  - Controlling treasury performance.
- (d) Treasury Functional Environment
- Classes of offices
    - Front office
    - Middle office
    - Back office
  - Responsibilities and functions of offices
  - Importance of internal controls and external controls in treasury environment
  - Operational policies and procedures
  - Management information and control
- (e) Currency and Funding Management Functions
- Concept of foreign exchange cash management
  - Funding alternatives
    - Short term
    - Medium term
    - Long term
  - Interest rate exposure
  - Foreign exchange exposure
  - Translation exposure
  - Position management and cash flow management

#### 16.1.4 Recommended readings

Ross, D. International Treasury Management, (3<sup>rd</sup> ed), Euro money Publications, London, 1996.

Smithson, C.W. and Smith, C.W. Managing Financial Risks: A guide to derivative products, (3<sup>rd</sup> ed). McGraw-Hill, New York, 1998.

Risk books. Financial risk and the corporate treasury: New developments in strategy and control. 1997.

Saunders, A. Irwin. Financial institutions management: A modern perspective, (2<sup>nd</sup> ed). McGraw-Hill. Boston, 1997.

Law of Trusts, Settlements & Administration of Estates Course Manual, Institute of Bankers in Malawi, 2007

## 17.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 17.1 INVESTMENTS

IOBM-AD310

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Investments
<b>Course code:</b>	IOBM-AD310
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 17.1.1. Aim of the study

To enable students understand the role played by various players in the financial sector, products and factors that that affect investment advice.

#### 17.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain the nature and various aspects of the investment markets.
- (b) Explain technical issues surrounding the investment concepts.
- (c) Identify typical problems associated with foreign investments.

#### 17.1.3. Topics of study

- (a) Nature of Investment
  - Characteristics of investment vehicles
    - Needs
    - Benefits
    - Disadvantages
    - Tax implication
    - Returns and risks
    - Costs
- (b) Requirements for Balanced Investment Portfolio
  - Determining yields
  - Capital or income growth
  - Tax effects
  
  - Security of capital
  - Diversification
  - Transaction costs
  - Time frame of investment

- Immediate
- Short term
- Medium term
- Long term
- Risks and returns
- Tax planning: avoidance or evasion

(c) Capital Market Environment

- Types of market: primary vs. secondary
- Market resources
- Market institutions
- Insurance companies, life assurance companies, pensions and provident funds
- Unit trusts.

(d) Securities Markets

- Definitions
- Equities: Explanation of terms and concepts of:
  - Risk and return
  - Dividend yields
  - Earnings
- Gilts: Explanation of terms and concepts of:
  - Interest rate: fixed and fluctuating
  - Gilt coupons rates and redemption rates
  - Yields capital gains and losses
  - Debentures: types, conversion prices and premiums
- Money market: Malawi money market
  - Functions
  - Role of financial intermediaries
  - Money market institutions
- Explanation of terms and concepts of
  - Interest rate, inflation and return
  - Bankers acceptance
  - Negotiable certificates of deposit
  - Treasury bills
  - Short and long term deposit accounts.
- Options: Explanation of terms and concepts of:
  - Expirations/pre-expiration/premium values
  - Strike price
  - Cull/put/double options
  - American/European options.
- Futures: Explanation of terms and concepts of:
  - Valuing positions
  - Open interests
  - Spot price
  - Contango and backwardation

(e) Economic and Market Environment

- Interest rate cycle
  - Money supply
  - Inflation
  - Exchange rates e.g. rand/dollar rate
  - Economic growth
  - Stock exchange indices
  - Market characteristics
  - Principles of property investment: types of property
  - Investment opportunities
  - Syndication
  - Property unit trust
  - Time share: leasebacks
  - Shareblock
  - Quoted property companies
  - Sectional title
- (f) Investment in Hard Assets
- Nature and concept
  - External influences
    - Exchange control and exchange rates
    - Taxation
    - Risks
    - Rules and regulations
- (g) General Overview of Investment
- Valuation and fair rate of return
  - Basics of financial statements
  - Ratio analysis
  - Leverage

#### **17.1.4. Recommended readings**

Philip A. Fisher, Common Stocks and uncommon profits and other writings. John Wiley & Sons.

Newell Dwight Hillis, Investment of influence. 2003. Cambridge University Press.

Investments Course Manual, Institute of Bankers in Malawi, 2007

## 18.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 18.1 PERSONAL FINANCIAL PLANNING

IOBM-AD311

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Personal Financial Planning
<b>Course code:</b>	IOBM-AD311
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 18.1.1. Aim of the study

To be able students acquire skills and knowledge on how to provide clients with advice on personal financial planning.

#### 18.1.2 Objectives of the study

By the end the course students should be able to:

- (a) Explain principles of financial personal planning and their application
- (b) Explain the role of regulatory bodies involved in financial services
- (c) Interpret results of needs analysis
- (d) Offer solutions on personal financial planning problems
- (e) (e) Provide advice on personal financial planning issues

#### 18.1.3. Topics of study

- (a) Case Study and Role Play
  - Concept of counselor selling processes
  - Future financial issues and their solutions
  - Advantages, features and benefits of products and services.
- (b) Needs Analysis and Risk Profiling
  - Gathering and documenting of personal data
  - Determination of risk profile
  - Quantification of client's financial goals and needs
  - Concepts and techniques of financial planning principles
  - Information survey about personal risk choice and profile
  - Matching products and services against risk
  - Correlation of risks to financial rewards.
- (c) Interpretation of Needs Analysis
  - Design solution to the needs

- Assessment of client risk profile
  - Use of financial planning principles, concepts and models.
- (d) Financial Planning Principles
- Application of tax principles to investments and investment structures
  - Application of pre-retirement planning principles
  - Concept of compulsory annuities: in terms of post retirement
  - Tax implications and rules of plans
  - Benefits and limitations of retirement planning
  - Investment profile versus retirement requirements
  - Asset allocation principles
  - Regulatory framework: role of regulating bodies/banks in financial services sector.
  - Technical terminology and developments and trends in financial planning.
- (e) Cash Management and Budgeting
- Principles and concepts
  - Cash flows terms and applications
  - Budget control
  - Analysis of debt level
  - Preparation of client personal budget
  - Credit system: loans, bonds, credit cards, overdrafts
  - Effects of poor credit management
- (f) Further Aspects of Investments
- Concept of investment vehicles: Bonds, treasury bills, equities, unit trusts, deposits, etc.
  - Concept of insurance vehicles: annuities, endowments
  - Concept of investment categories: cash reserves, fixed income, equity, property, hard assets or other direct investment.
  - Equity investment structures: sample e.g. fixed deposits and complex e.g. hedge funds, futures and options.
  - Investment strategies of fund managers and asset managers.
- (g) Financial Fundamentals
- Determination of rate of return
  - Assessment of liquidity of capital
  - Assessment of safety of principles versus hedge against inflation
  - Analysis of investment portfolio
  - Concept of leverage, rand cost averaging and hedging.

#### **18.1.4. Recommended readings**

Hallman G. V. Personal Financial Planning. 7<sup>th</sup> ed. Oxford university press. 2004

Lawrence J. Gitman. Personal Financial Planning.

Nissenbaun M & Raasch B.J. Ernst and Young's Personal Financial Planning, 2004.

Personal Finance Planning Course Manual, Institute of Bankers in Malawi, 2007

## 19.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 19.1 TAXATION 2

IOBM-AD312

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Taxation 2
<b>Course code:</b>	IOBM-AD312
<b>Level of study:</b>	3
<b>Presented to:</b>	University of Malawi Senate
<b>Presented by:</b>	Faculty of Commerce, University Of Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 19.1.1. Aim of the study

To enable students understand the various tax regimes in Malawi.

#### 19.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain different components of the Malawi tax system.
- (b) Evaluate the impact of taxes on business transactions.
- (c) Analyse the importance of taxation in personal and corporate financial planning and decision-making.

#### 19.1.3 Topics of study

- (a) Background and Basic Principles
  - Purpose of taxation.
  - Direct and indirect taxation, regressive, proportional and progressive Taxes and taxation systems.
  - Evasion, avoidance and saving.
  - Authority to levy taxes.
  - Sources of taxation law in Malawi.
- (b) Indirect Taxes in Malawi
  - Brief outline of surtax
  - Custom duty
  - Other indirect taxes in Malawi.
- (c) Direct Taxes in Malawi
- (d) Computations
  - Determination of assessable income.
  - Allowable deductions

- Taxable income
  - Calculation of tax payable.
- (e) Collection of Tax
- Payment of income tax
  - PAYE
  - Withholding tax
  - Final tax
  - Provisional tax.
- (f) Tax Administration
- The Office of Commissioner of Taxes
  - Confidentiality and secrecy
  - Returns and assessments
  - Appeals: Brief review only.
- (g) Determination of Taxable Income of Business
- Assessable income
  - Capital allowances
  - Valuation of stock and work-in-progress
  - Costs incurred prior to trading
  - Bad and doubtful debts
  - External companies and foreign transactions.
- (h) Special Situations
- Imports
  - Statutory bodies
  - Clubs and societies
  - Timber sales, farming and mining
  - Hire purchase transactions
  - Insurance companies and trustees.
- (i) Surtax/Value Added Tax
- Definition
  - How the system operates.
- (j) Estate Duty
- Testacy and intestacy
  - Domicile and residence
  - Dutiable property
  - Deductions
  - Quick succession relief

- Marginal relief.

#### **19.1.4 Recommended readings**

The Taxation Act, (1986), Chapter 41:01, as amended, Malawi Government Printer, Zomba.

Mtambo B. Taxation – Malawi, Students Manual, Malawi College of Accountancy

Whitehouse C. & Stuart-Buttle E., (1987), Revenue Law – Principles and Practice, 5<sup>th</sup> edition, Butterworth, London.

Taxation 2 Course Manual, Institute of Bankers in Malawi, 2007

## 20.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 20.1 PUBLIC DEBT MANAGEMENT

IOBM-AD313

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Public Debt Management
<b>Course code:</b>	IOBM-AD313
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hours
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 20.1.1 Aim of the study

To enable students understand principles of public debt management as it relate to Malawi economy.

#### 20.1.2 Objectives of the study

By the end the course students should be able to:

- (a) Describe institutional and organizational aspects of government debt management
- (b) Explain the position of the government debt management office in the government organogram
- (c) Explain institutional arrangements for interventions in the secondary markets for government securities
- (d) Explain the administrative functions required for effective management of public debt

#### 20.1.3. Topics of study

- (a) Aspects of government debt management.
  - The position of the government debt management office in the Government organogram
  - Institutional arrangements for interventions in the secondary markets For government securities
  - The administrative functions required for effective management of public debt
- (b) Generic public finance concepts
  - The composition of the public sector
  - The elements of government expenditure
  - The elements of government income
  - The elements of deficit financing
  - The extent of public debt: The nature of the debt trap

- (c) Developments in government debt management
  - The role of market principles in government debt management
  - Internationalisation of government securities markets
  - Market functioning and market management through
  - Role of automation in government securities markets
  - Clearing and settlement procedures
  - Retail base of the markets for government securities
  
- (d) Objectives of government debt management policy
  - The main basic objective of public debt management
  - Complementary objectives of public debt management
  - Complementary objectives in support of other policies
  
- (e) Government debt instruments
  - The medium- and long-term marketable government debt instruments
  - Interest rate features attached to the government debt instruments
  - Maturity options and redemption features of the government debt instruments
  - The tax features of government debt instruments
  - Other government borrowing arrangements
  - The national government debt in Malawi
  
- (f) The economic features of the government bond market in Malawi
  - Features of the new bond market system
  - Developments in the Malawian government bond market
  - The role of the Reserve Bank and other domestic parties in the Government bond market
  
- (g) Factors influencing bond yields
  - The influence of monetary policies on the capital market
  - The relationship between bonds and equities
  - Inflation linked bonds
  - Measures of rate of return on the bond market
  - The inverse relationship between bond prices and yields
  - The marketing and tradeability of public debt in Malawi
  - Relationship between fiscal and monetary policies and the monetary Policy implications of the Malawian public debt

#### 20.1.4 Recommended readings

Dornbusch R. & Draghi M. (eds) Public Debt Management: Theory and History. Oxford University Press. 1999.

Sandararajan, V. & Blommestein, H. (eds) Coordinating Public Debt and Monetary Management: Institutional and Operational Arrangements. International Monetary Fund. (1997)

World Bank. International Monetary Fund. Guidelines for Public Debt Management. 2001.

The Impact of Public Debt Management on Development. Zimbabwe Coalition on Debt and Development. IMF. The Social Effects and Politics of Public Debt in Zimbabwe. 2001.

Public Debt Management Course Manual, Institute of Bankers, 2007

## 21.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 21.1 STRATEGIC MANAGEMENT

IOBM-AD314

1. **Programme:** Advanced Diploma in Banking
2. **Course title:** Strategic Management
3. **Course code:** IOBM-AD314
4. **Level of study:** 3
5. **Presented to:** Faculty of Commerce, University Of Malawi
6. **Presented by:** The Institute of Bankers in Malawi
7. **Lecture hrs/ week:** 4 x 1 hour
8. **Tutorial hrs/ week:** None
9. **Assessment:** Final Examination 100%

#### 21.1.1. Aim of the study

To acquaint students with the challenges faced by top management in managing businesses.

#### 21.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain theories of strategic management
- (b) Apply theories of strategic management to real life situations
- (c) Provide advice on complex business issues
- (d) Discuss current issues in strategic management.

#### 21.1.3 Topics of study

- (a) Overview of Strategic Management
  - Introduction and historical background to strategic management.
  - The strategic management process
  - Hierarchy of purpose and strategies
  - The evolution of strategic planning
  - Strategic change
  - Models of strategic management
  - Ethics and social responsibility
  - Types of strategies.
  
- (b) Strategy formulation
  - The mission statement
  - Strategic audit
  - SWOT analysis

- Business and functional strategies
  - Strategic analysis and choice
  - A strategy – formulation – framework.
- (c) Strategy Implementation
- Implementing strategy
  - Achieving synergy
  - Organisational structure
  - Staffing and directing
  - Action planning
- (d) Strategic Control and Evaluation
- Strategic control
  - Types of control
  - Strategic evaluation
- (e) Global Issues
- Strategic issues in multinational corporations
  - Comparative and competitive advantage
  - Common international strategies
  - Globalisation
  - International management practices and HRM

#### **21.1.4 Recommended readings**

David F. R., (2004), Strategic Management: Concepts and Cases, Prentice Hall.

Wheeler L. T. & Hunger J. D., (2004), Strategic Management and Business Policy, Pearson, Prentice Hall.

Wheeler L. T. & Hunger J. D., (2005), Strategic Management, Prentice Hall.

Hitt A. M., et al, (2004), Strategic Management with Infotrac : Competitiveness and Globalisation, Thomson Learning.

Strategic Management Course Manual, Institute of Bankers in Malawi, 2007

## 22.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 22.1 LAND LAW

IOBM-AD315

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Land Law
<b>Course code:</b>	IOBM-AD315
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 22.1.1 Aim of the study

To impart to students diploma-level knowledge, understanding and skills in Land Law.

#### 22.1.2. Objectives of the study

By the end of the course students should be able to:

- (c) Explain concepts of Land Law.
- (d) Identify common problems on land law
- (e) Suggest solutions to common land law problems

#### 22.1.3. Topics of study

##### (a) Land as Property

- Definition of land
- Real property distinguished from personal property
- Nominal ownership of land
- Management of land
- Control of land
- Benefits from land

##### (b) Types of Land in Malawi

- Customary land
- Public land.
- Private land.

##### (c) Leases

- Definition
- Elements
- Types
- Formalities

- Rights and obligations
  - Remedies
- (d) Concurrent Ownership
- Joint tenancy
  - Tenancy in common
  - Other tenancies
  - Severance
  - Termination
- (e) Licenses
- Definitions
  - Bare, coupled with grant
  - Contractual
- (f) Covenants
- At law
  - At equity
- (g) Easements and Profits a Prendre
- Definitions and distinctions
  - Essential characteristics
  - Creation
  - Extinguishment
- (h) Mortgages and Charges
- Definitions
  - Economic and social significance
  - Creation
  - Priorities of mortgages
  - Protection of the mortgagor
  - Protection of the mortgagee
  - Remedies
- (i) Transfer of Rights in Land
- Customary law and transfer of rights
  - Adverse possession
  - Gifts inter vivos
  - Marriage and widowhood
  - Death and succession
  - Contracts
  - Compensation
  - Inequitable exclusion
  - State transfer

(j) Proof of Ownership of Land

- Title deeds and Certificates of title.
- Registration of deeds under the Deeds Registration Act.
- Registration of title under the Registered Land Act.
- Date of document
- Parties to document(s)
- Consideration and receipt
- Execution of document
- Registration /Deed number (s)
- Registration, searches and official searches.
- Effect of Cautions, Lis Pendens, and injunctions on ownership

(k) Powers of Attorney

- Nature and purpose
- General and Special Powers of Attorney
- Execution, and attestation
- Proof of Power of Attorney
- Stamping and Registration
- Effect of Registration
- Revocation, and effect of revocation
- Protection of persons relying on power of Attorney in good faith.

**22.1.4 Recommended readings**

Brooke-Taylor, J. D. A., (1977), Land Law in Malawi, Chancellor College, Zomba.

Riddal John G., (1997), Introduction to Land Law, 6<sup>th</sup> edition, Butterworths, London.

Land Law Course Manual, Institute of Bankers in Malawi, 2007

## 23.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 23.1 LAW OF CREDIT AND SECURITY

IOBM-AD316

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Law of Credit and Securities
<b>Course code:</b>	IOBM-AD317
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 23.1.1 Aim of the study

In view of the objectives, the course has been designed to provide the student with the knowledge, understanding and requisite skills to effectively manage credit and securitisation from a legal perspective.

Thus, at the end of the course, students are expected to have acquired an overview of the nature of regulations and laws that govern credit, some principles and guidelines on credit and finally the law governing securitisation.

#### 23.1.2. Objectives of the study

Credit remains the core business of many institutions which conduct banking business in Malawi. However, credit is not done in a vacuum. If anything, it is done within a certain regulatory and legal environment regardless of whether it is done on a clean or secured basis.

It is for this reason that it is deemed imperative for students of any average banking course to be introduced to the law governing credit and securitisation.

Accordingly, the objective of this course, that is to say Law of Credit and Security, is to equip students with the requisite knowledge of the legal aspects of some of the mainstream credit facilities and the regulatory and legal context in which both credit and securitisation is done by institutions which conduct banking business in Malawi.

It is expected also that students will grasp the correlation between lending and securitization and the general principles of contract law.

As a manner of presentation, the course will be divided into two main parts which are (a) Law on credit (b) law of security.

#### 23.1.3. Topics of study

The course outline will follow the manner of presentation stated above and in that order, that is to say, (a) Law on credit and (b) law of security.

## 1. PART ONE: LAW ON CREDIT

### 1.1. Introduction to Credit

- 1.1.1. At this juncture, a student has to know the meaning which the law attaches to credit and the student has to appreciate what are situations the law implies to be cases of credit.
- 1.1.2. This part will also highlight on some common credit products like:
  - 1.1.2.1. Factoring;
  - 1.1.2.2. Leasing;
  - 1.1.2.3. Hire purchase;
  - 1.1.2.4. Documentary Credit/Letters of Credit
  - 1.1.2.5. Guarantees;
  - 1.1.2.6. Loans; and
  - 1.1.2.7. Overdrafts;

### 1.2. Differences Between Banks and Moneylenders

- 1.2.1. Most regulatory and legal provisions that are applicable to banks and other financial institutions are not applicable to moneylenders.
- 1.2.2. The terms “**Bank**” and “**Moneylender**” have a different signification at law.
- 1.2.3. To understand the nature of law of credit and security in the intended context, a banking student has to know the legal difference between banks and moneylenders. In this regard, under this part a banking student will be taught how to tell banks and moneylenders apart.

### 1.3. The Regulatory Environment of Credit

- 1.3.1. The term regulation as used in the context of credit means a certain set of rules or requirements that must be conformed to by financial institutions as they are credit out money. In Malawi, these set of rules are drawn up by Parliament and also by the regulatory body which is the Reserve Bank of Malawi.
- 1.3.2. A banking student is, therefore, expected to gain an understanding of how regulations by Parliament and the Reserve Bank of Malawi impact on and/or influence some credit decisions.

1.3.3. Accordingly, under this part a student will be equipped with the basic regulations enacted by Parliament and also as per directives by the Reserve Bank of Malawi and this will include knowledge about:

- 1.3.3.1. Credit concentration limits;
- 1.3.3.2. Large exposures regulations;
- 1.3.3.3. Transactions with related persons;
- 1.3.3.4. Guidelines on asset quality;
- 1.3.3.5. Foreign currency credit ratios; and
- 1.3.3.6. Credit and exchange control regime

#### **1.4. Credit Contracts Generally**

##### **1.4.1. Capacity to a credit contract**

1.4.1.1. Students will be taught that parties to a credit contract must have contractual capacity.

##### **1.4.2. Capacity to a Credit Contract and Lending to Specific Parties**

- 1.4.2.1. Alien Enemy;
- 1.4.2.2. Government of Malawi;
- 1.4.2.3. Town, District and City Assemblies and Other Statutory Bodies;
- 1.4.2.4. Diplomatic missions and Diplomats ;
- 1.4.2.5. Limited Companies;
- 1.4.2.6. Partnerships;
- 1.4.2.7. Power of Attorney Holders;
- 1.4.2.8. Minors/infants;
- 1.4.2.9. People with unsound mind;

##### **1.4.3. Offer to lend**

- 1.4.3.1. Essentials of an offer to lend
- 1.4.3.2. Termination of offer to lend

##### **1.4.4. Acceptance**

- 1.4.4.1. Who May Accept an Offer for Credit Facilities

1.4.4.2. The Modes of Accepting Credit Facilities

1.4.4.3. Essentials of acceptance

1.4.4.4. Revocation of acceptance

**1.4.5. Consent**

1.4.5.1. Free consent

1.4.5.2. Duress

1.4.5.3. Undue influence

1.4.5.4. Fraud

1.4.5.5. Misrepresentation

1.4.5.6. Mistake

**1.4.6. Consideration in credit contracts**

1.4.6.1. Students will be taught about the nature, function, and adequacy of consideration and after studying this unit, you would be able to understand the concept of consideration and its importance in a credit contract.

1.4.6.2. Doctrine Privity of contract

**1.4.7. Void and Illegal credit contracts**

1.4.7.1. Students will learn that illegal credit contracts are those that are forbidden by law and that all illegal contracts are void.

1.4.7.2. Students will learn that because of the illegality of their nature, such credit contracts cannot be enforced by any court of law.

**1.4.8. Discharge of a credit contracts**

1.4.8.1. By performance

1.4.8.2. By impossibility of performance (doctrine of frustration)

1.4.8.3. By agreement

1.4.8.4. By breach

**1.5. Credit And Cross-Boarder Issues**

1.5.1. Credit to non-residents

1.5.2. Governing law and jurisdiction

## **2. PART TWO: LAW OF SECURITY**

### **2.1. Definition of security**

- 2.1.1. A student will be equipped with the basic legal understanding of the term security and how the term is understood in the context of credit.

### **2.2. COMMON FORMS OF SECURITY**

- 2.2.1.** This section of the syllabus is designed to equip the student with the requisite knowledge on the law governing some common forms of security which are:

2.2.1.1. Letter of Pledge;

2.2.1.2. Lien;

2.2.1.3. Assignment of Contractual Rights;

2.2.1.4. Mortgage (assignment) over cash deposit;

2.2.1.5. Charge over cash deposit;

2.2.1.6. Legal Mortgage of shares;

2.2.1.7. Equitable Mortgage of shares;

2.2.1.8. Treasury Bills;

2.2.1.9. Mortgage over land;

2.2.1.10. Legal Charge Over Land;

2.2.1.11. Negative pledge;

2.2.1.12. Debenture;

2.2.1.13. Bill of Sale;

2.2.1.14. Guarantees;

2.2.1.15. Letter of Comfort

2.2.1.16. Set-off Agreement

Smart P.E. Chorley & Smart, (1996), Leading Cases in the Law of Banking, 6<sup>th</sup> Edition, Butterworths, London.

Lingaard James R., (1993), Bank Security Documents, Butterworths, London.

Law of Credit and Securities Course Manual, Institute of Bankers in Malawi, 2011.

## 24.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 24.1 ESTATE PLANNING

IOBM-AD317

1. **Programme:** Advanced Diploma in Banking
2. **Course title:** Estate Planning
3. **Course code:** IOBM-AD318
4. **Level of study:** 3
5. **Presented to:** Faculty of Commerce, University Of Malawi
6. **Presented by:** The Institute of Bankers in Malawi
7. **Lecture hrs/ week:** 4 x 1 hour
8. **Tutorial hrs/ week:** None
9. **Assessment:** Final Examination 100%

#### 24.1.1 Aim of the study

To enable students have an understanding of estates theory, estate planning principles, concepts and techniques.

#### 24.1.2 Objectives of the study

By the end of the course students should be able to:

- (f) Explain estates theory
- (g) Apply knowledge of estate planning principles, concepts and techniques.

#### 24.1.3. Topics of study

##### (a) Principles of Estate Planning.

- Principles, main purpose, concepts and terms of estate planning
- Estate creation/preservation
- The rationale for estate planning
- The elements of estate planning

##### (b) Estate Planning Tools

- Types of Wills, their terms and concepts
- Trusts and family companies
- Knowledge of insurance
- Use of tools to draw up the estate planning

##### (c) Use of Trusts in Estate Planning

- Express and implied trusts, resulting and consultative trusts, secret trusts in wills, trusts arising by operation of law.
- Family trusts, fixed interest, discretionary, powers of appointment, accumulations and maintenance, munities, protective trusts, jointly owned property.
- Trust inland, settled land, trust for dide, co-ownership.

- The relative merits of different types of family trusts for Estate Planning purposes lifetime and will trusts.
  - Administration of Trusts
  - Appointment of Trustees (s) and successor Trustees
  - Trustees' powers, duties, accounts and liabilities and beneficiaries
  - The rules against accumulations and perpetuities
  - Right of surviving spouses
  - Right of beneficiaries and survivors
- (d) Variation of Trusts
- Rectification, revocation
  - By the beneficiaries and by application to the court
  - International elements: foreign trustees, beneficiaries, investments
- (e) Use of Wills in Estate Planning
- The essential validity, formal validity, construction, execution and Revocation of wills.
  - The estators, capacity of effect of domicile, residence, nationality and effect of marriage and divorce.
  - Appointment of executors, trustees and guardians
  - Beneficial interests: the difference types of legacy and beneficial interests.
  - Typical forms of wills
  - Intestacy and partial intestacy.
- (f) Use of gifts in estate Planning
- Definition of and purpose of gifts
  - Types of gift: almighty, on trust, in succession
  - Perfect and imperfect gifts, completion of a gift
  - Powers of appointment and their exercise
  - Effect of insolvency of gifts
  - Gifts made within three years of the donor's death.
- (g) Use of Jointly Owned Property in Estate Planning
- Characteristics of joint ownership
  - Recognition, creation and termination of joint tenancy
  - Joint tenancies between spouses
  - Estate Duty treatment between spouses
  - When termination of joint ownership may be desirable
- (h) Use of Life Insurance in Estate Planning
- Role of life insurance in Estate Planning
  - Kinds of life insurance

- Specific uses of life insurance
  - Changes affecting life insurance
- (i) Asset Management
- The Management of landed property, interests in expectancy and other Trust assets.
  - The construction and review of investment portfolios for trusts, exempt funds, private investors and overseas investors.
  - Investment implications of taxation.
  - Powers and duties of personal representatives and trustees.
- Problems of valuing unquoted asset for tax assessments and appropriations to beneficiaries.
- (j) Foreign Element
- Capacity, formal validity, essential validity and construction of trust instruments, whether concerning movables or immovable and whether arising on death or inter vivos
  - The distinction between administration and succession in the conflict of laws
  - Domicil, residence and renvoi location of assets and double taxation
  - Marriage, legitimacy, legitimation and adoption
  - Community of property
- (k) Tax Considerations in Estate Planning
- Estate planning and the minimization of tax liabilities
  - Importance of Tax Consideration in Estate Planning
    - Income Taxes
    - Taxation of income received by Trustees and beneficiaries
    - Estate Duties
    - Local taxes and municipal rates charged on property
  - Income tax, company tax, capital gains tax, estate duty, stamp duty as they affect the individual, the family trust, business, partnership and share ownership in private companies.
- (l) The Development of the Clients' Estate Plan
- Estate planning tools
  - Tax consequences of death and estate planning
  - Developing a plan that meets the clients needs
  - Advanced application of estate planning vehicles
- (m) Legislation Affecting Estate Planning
- Income tax
  - Estate Duty Act
  - Stamp Duty Act
  - Capital Gains Tax

- The Lands Act
- The Registered Land Act

#### **24.1.4 Recommended readings**

Sladen, N., (1984), Practical Trust Administration, 2<sup>nd</sup> Edition, Europe, London.

Mellows, A. R., and Whitehouse, C., (1991), Taxation for Executors and Trustees, 7<sup>th</sup> Edition, Butterworth, London

Noble, N., and Marks D., Nelson-Jones: Practical Tax Saving, 4<sup>th</sup> Edition, Butterworths, London.

Estate Planning Course Manual, Institute of Bankers in Malawi, 2007

## 25.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 25.1 FUNDING AND RISK MANAGEMENT

IOBM-AD318

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Funding and Risk Management
<b>Course code:</b>	IOBM-AD319
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 25.1.1 Aim of the study

To equip students with specific skills and competence in identifying and managing the consequences of risk and the type of risk financing which large financial, commercial, or governmental organisations may need.

#### 25.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Identify the consequences of risk and the type of risks financing.
- (b) Apply techniques of risk management available to financial institutions and commercial organisations.

#### 25.1.3. Topics of study

- (a) Identification, Analysis and Control of Risk
  - Objectives of risk management
  - Finance/business risk
  - Types of risk
  - Risk reports
  - Lending and risk management
- (b) Risk Analysis and Evaluation
  - Techniques for identification of risk
  - Organisational characteristics related to risk
  - The impact of inflation and taxation
  
  - The impact of economic, political and social development
  - Evaluation of risk data
  - Characteristics of the adverse consequences of risk
  - Resourcing the handling of risk consequences

- Options for handling the potential adverse consequences of risk
  - Business continuity
- (c) Operational Risk
- Nature of operational risks
  - Types of operational risk: fraud, computer failure/viruses, robbery, accident, environmental damage, new laws and regulations, legal claims
  - Managing/minimizing operational risks
- (d) Interest Rate Risk
- Factors that determine the general level and pattern of interest rates
  - The term structure of interest rates.
  - Distinction between domestic, international and euro-currency interest rates.
  - The role of the Central Banks(s)
- (e) Exchange Rate Risk
- Factors determining the general level and pattern of Exchange Rate movements.
  - Leads/lags, supply/demand.
  - Fixed and floating exchange rate regimes
  - The relationship between exchange rates and interest rates.
  - The role of the central bank (s).
- (f) Corporate Finance and Risk Management
- The identification of problems of liquidity, capital structure and gearing.
  - Instruments used in short-term and long-term borrowing and finance.
  - Hedging and reasons for hedging.
- The instruments used: forward exchange cover, currency options, interest swaps and options, forward rate agreements.
- Methods of minimizing/managing currency and interest risk.
  - Management of currency and interest rate exposure.
- (g) Sovereign/Country Risk
- Doctrine(s) of Act of state, sovereign immunity, state succession
  - The impact of economic, political and social developments.
  - Civil and political disturbance
  - Assessment of country/sovereign risk
  - Techniques of country risk assessment
  - Sources of exposure to country risk

- Application of risk scoring
- Developed and developing countries and their particular risk features.
- Default by country/sovereign borrowers
- Rescheduling, asset sales and other methods of recovery
- Conflict and choice of laws.
- Jurisdiction.

(h) Risk Financing and Management

- Risk control and objectives of risk financing
- Assessment of exposure to risk
- The evaluation process
- Organisation-wide approach to risk financing
- Information required to support applications for risk financing
- Risk financing using insurance
- Alternative risk financing – general considerations
- Risk financing using self insurance mechanisms
- Risk financing using capital market products.

(i) Retail Customer Credit Risk Management

- Principles and practice of retail customer credit risk management
- The retail customer: individuals, partnerships bodies corporate.
- The concept of risk, risk and return, credit return, factors influencing credit risk
- Principles of credit lending, principles of good security
  
- Recording advances, securities and special conditions and covenants.
- Monitoring and control of advances
- Monitoring and control of specific industry/professional lending.
- Business and performance assessment.
  - Analysis of capital structure, long-term financing, overtrading, working capital requirements, the risk implications of gearing.
  - Interpretation of financing statements and economic evaluation of projects
  - Leverage analysis and contingent liabilities, accounting ratios and roles of return.
  - Valuation of businesses.
- Forecasting business/financial failure
- Models for forecasting business/financial failure
- Operational risk arising from fraud, documentation, dealing and error, legal claims, system failure.

**25.1.4. Recommended readings**

Sadgrove, S., (2005), The Complete Guide to Business Risk Management, 2<sup>nd</sup> edition, Gower Publishing, London.

Kenyon, A., (1981), Currency Risk Management, John Wiley, London.

Goacher, D., (1990), The Monetary and Financial System, CIB/Bankers Books, London.

Funding and Risk Management Course Manual, Institute of Bankers in Malawi, 2007

## 26.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 26.1 ADVANCED BANKING LAW

IOBM-AD320

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Advanced Banking Law
<b>Course code:</b>	IOBM-AD320
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 26.1.1 Aim of the study

To enable students understand the appropriate legislation governing lending activities; lending instruments and securities used in the lending process as well as the debt collection and civil procedure to be followed with regard to the recovery of loans and the appropriate procedures to be followed in the event of the insolvency of the debtor (individuals, close corporations and companies)

#### 26.1.2 Objectives of the study

By the end of the course students should be able to

- (a) Explain the law relating to international banking operations, International Trade and Trade Finance, Finance, Company Law and Practice; and
- (b) Identify opportunities which arise in both domestic and international trade business.
- (c) Identify methods by which customers and banks can protect their interests in issues of International Trade and Trade Finance.

#### 26.1.3 Topics of study

(a) International Banking Operations

- Negotiable instruments
- Letters of credit
- Contract bonds and guarantees
- Correspondent banks
- State loans
- Term loan agreements
- Loan syndication
- Foreign currency options, forward rate agreements and interest rate swaps
- Subordinated debt
- Conflict of laws
- Forum
- International commercial arbitration
- Events of default

- Enforcement of foreign judgments
  - Secured finance and guarantees
  - Legal opinions
- (b) International Trade Finance
- Principles of international trade
  - Methods of trading, trade promotion and assistance or advice available
    - From banks and other sources
  - Tariffs and other trade barriers
  - The meaning of international trade finance and payment
  - The management of the risks of international trade
  - Financial services provided by banks and other sources
  - Methods of payment in international trade
  - Trade documentation
  - Documentary credits
  - Documentary collections
  - Export and import finance
  - Foreign exchange and forward contracts
  - Exchange control
  - Offshore markets, shipping terms and documentation
  - Role of export credits in credit insurance.
- (c) Company Law and Practice
- Legal capacity
    - Corporate personality
    - Corporate capacity
    - Authority of company agents
    - Preliminary contracts
    - The form of company contracts
    - The company in litigation
    - Company formation, prospectus, offer for sale and placing
    - Powers and duties of secretaries and auditors
  - Share capital
    - Shares and capital structure
    - Authorised capital, issued capital, paid up capital, allotment.
    - Transfer and transmission of and charges on shares
    - The issue and allotment of shares
    - Alteration of capital and proposed redenomination of share capital
    - Maintenance of share capital and payment for shares
    - Classes of shares and variation of class rights
    - Redeemable preference shares, loan capital and capitalization of profits.
    - Dividends and distributions
    - Share valuation
  - Meetings of members
    - Types of meetings
    - Annual General meetings

- Extraordinary general meetings
  - Notice of meetings
  - Business to be conducted
  - Quorum required
  - Proxies
  - Voting
  - Types of resolution
  - Rights of members, majority rule and minority rights.
- Directors
    - The legal basis of management
    - Appointment and removal of directors; directors' share qualifications.
    - Limitations on powers of directors
    - Directors' duties of care and skill
    - Fiduciary duties and disclosure of advantage
    - The enforcement of fair dealing
    - Personal remedies and relief
- Meetings of directors
    - Convening of board meetings
    - Attending and voting at board meetings
    - Quorum – directors' meetings
    - Conduct at directors' meetings
    - Minutes
    - Resolutions in writing and informal meetings
- Accounts and audit
    - Compulsory requirement to keep accounting records
    - Audit of company accounts
    - Directors' and auditors reports and contents.
    - Signing and publication of accounts
    - Circulation of accounts
    - Appointment, eligibility and qualifications of auditors
    - Duties, powers and liability of auditors
    - Remuneration of auditors
    - Removal and resignation of auditors

(d) The Banker and Insolvency

- Receivers
  - Debenture documents; power to appoint receiver
  - Distinction between receiver and liquidator.
  - Who may be appointed; authority required
  - Agency of receivers; powers and duties
  - Receiver and manager
  - Notice of appointment of receiver; notice of ceasing to act
  - Position of receiver carrying on trading
  - Statement of affairs; abstract of accounts; remuneration
  - Responsibilities of receiver; personal liability

- Winding up
  - Modes of winding up
  - Voluntary winding up
  - Compulsory winding up
  - Powers of voluntary liquidator
  - Costs, expenses and liquidator's remuneration
  - Debts and claims and proof of debts; interest
  - The company's bank account
  - Secured creditors; landlords; preferential debts
  - Avoidance of certain transactions, set-off, contributories and calls.
  - Offences before or during winding up.
  
- Bankruptcy
  - Definition and general effect of bankruptcy, acts of bankruptcy
  - The bankruptcy petition
  - Compositions and arrangements (under bankruptcy)
  - Proof of debts; debts provable; preferential creditors; secured creditors.
  - Avoidance of voluntary settlements
  - Composition with creditors.
  
  - Deeds of arrangement compared with bankruptcy.
  
- (e) Reconstruction and Amalgamation
  - Power to compromise with creditors and members
  - Information as to compromise with creditors and members
  - Reconstruction and amalgamation of companies
    - Provisions for facilitating reconstruction and amalgamation
    - Power to acquire shares of minority on take-over
    - Rights of minority on take-over
    - Remedy against oppression
  - Reconstruction in a liquidation

#### 26.1.4 Recommended readings

The Companies Act, 1984, (Cap 46:01) of the Laws of Malawi, 1984, The Government Printed, Zomba.

Stephen, W., Mison and others, (1995), Company Law, 12<sup>th</sup> edition, Blackstone Press Limited, London.

Penn, G., and others, (1987), Law and Practice of International Banking, Sweet and Maxwell Limited, London.

Watson, A.J.W., (1990), Finance of International Trade, 4<sup>th</sup> edition, CIB/Bankers Books, London.

Advanced Banking Law Course Manual, Institute of Bankers in Malawi, 2007.

## 27.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 27.1 PROPERTY FINANCE LAW

IOBM-AD320

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Property Finance Law
<b>Course code:</b>	IOBM-AD316
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 27.1.1 Aim of the study

To enable students understand the legal aspects that impact on property and property finance transactions.

#### 27.1.2 Objectives of the study

By the end of the course students should be able to:

- (h) Explain concepts in property finance
- (i) Identify key players in mortgage process,
- (j) Explain the operation of Agricultural Credit Act and its implications for the financial sector.
- (k) Explain the provisions of the Usury Act.

#### 27.1.3 Topics of study

- (a) General Principles of Property Finance
  - Introduction and definitions
  - Terms of tenure, tenant rights and house sales
  - Buying and selling of residential and investment properties
  - Types of mortgageable property
    - Dwelling houses
    - Residential flats
    - Group housing schemes
    - Agricultural farms
    - Commercial buildings
    - Vacant industrial plots
  
  - Agricultural land
  - Other types, generally
  - Housing finance
  - General principles security

(b) Role Players in the Mortgage Lending Process

- The Lender/Mortgagee
- The Mortgagor
- Mortgagee Rights
- Mortgagor Rights
- Professionals
  - Architects
  - Quantity Surveyors
  - Engineers
  - Legal Practitioners
  - Estate Agents
  - Insurers
  - Builder/developer/sub-contractors
- Government subsidiaries/housing schemes
- Local authority housing schemes
- Stamp Duties Commissioner
- Deeds Registrar
- City rates, rates, rents, or other charges on land
- Valuer (assessor) and Building Inspector
- Management of landed property

(c) Types of Mortgage Advances

- Legal and equitable mortgages
- Ordinary loans
- Building loans
- Mortgage term
- Priority of mortgages
- Mortgage guarantees

(d) The Mortgage Process

- Application
- Building inspection and valuation, The Valuation Report, and responsibility for negligence.
- Property assessment
- Credit checking
  
- Loan processing and risk decision
- Land searches and government consent under the Lands Act (Cap57:01)
- Tax clearance from Malawi Revenue Authority
- Grant of consent
- Insurance
- Conveyance and registration
- Legal fees, stamp duties and registration fees

- Report on Title and payment of loan
  - Lending administration/account management
  - Client communication/collections
  - Redemption of mortgage
- (e) Default and Realization of Security
- Termination procedure
  - Transfer or surrender of mortgages
  - Foreclosure
  - Further advance
  - Second/further mortgages
  - Relocation and re-mortgaging
  - Arrears, default and foreclosure
  - Sale of property
  - Application of proceeds of sale
  - Account to mortgagor

#### **27.1.4 Recommended readings**

Cole, Robin, (2000), Property Finance, Butterworths, London.

Brooke-Taylor, J. D. A., (1977), Land Law in Malawi, Chancellor College, Zomba.

Riddal John G., (1997), Introduction to Land Law, 6<sup>th</sup> edition, Butterworths, London.

The Land Act (Cap 57:01) of the Laws of Malawi, the Government Printer, Zomba, 1996

Property Finance Law Course Manual, Institute of Bankers in Malawi, 2007.

## 28.0 DETAILED SYLLABUS FOR ADVANCED DIPLOMA COURSE

### 28.1 FINANCIAL MARKETS 2

IOBM-AD321

<b>Programme:</b>	Advanced Diploma in Banking
<b>Course title:</b>	Financial Markets 2
<b>Course code:</b>	IOBM-AD321
<b>Level of study:</b>	3
<b>Presented to:</b>	Faculty of Commerce, University Of Malawi
<b>Presented by:</b>	The Institute of Bankers in Malawi
<b>Lecture hrs/ week:</b>	4 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

#### 28.1.1 Aim of the study

To enable students understand the characteristics and nature of the financial markets and the application and uses of the financial instruments within the markets.

#### 28.1.2 Objectives of the study

By the end of the course students should be able to:

- (a) Explain the nature of financial markets
- (b) Assess the implications of globalization of financial markets on the Malawian markets.
- (c) Analyse the major factors determining informational and operational efficiency in the financial markets.
- (d) Explain the concept of fair value in the pricing of financial instruments.

#### 28.1.3 Topics of study

##### (a) Option pricing models

- Put-call parity
- Black-Scholes model
- Binomial model
- Applications of futures, options and forward contracts in hedging, speculation and arbitrage activities.

##### (b) Capital Market

- Definition
- Market participants
  
- Function
- Capital market instruments
- Interest rate and liquidity risks
- The impact of monetary policy and bank regulations on the capital market.

- Monetary policy and bank regulations in the capital market.
- (c) Foreign Exchange Market
- Exchange rates
  - Markets and instruments
  - Introduction to financial derivatives
    - Forward contracts
    - Future contracts
    - Swaps
  - Euro markets
- (d) Money Market
- Issues and trading of money markets instruments, including derivatives  
In the Financial Market as well as transaction costs.
  - Interest rates in the Money market
  - Monetary policy and bank regulations on the money market.

#### **28.1.4 Recommended readings**

Howells, P.E., Bain, K. (1998), The Economics of Money, Banking and Finance, Addison Wesley, Longman, London.

Mishkin, F.S., Eakins, S.G., (2002), Financial Markets and Institutions, Addison Wesley, Longman, London.

Fabozzi, F.J., Ferri, M.G., Modigliani, F., (1998), Foundations of Financial Markets and Institutions, Prentice Hall, Harlow.

Thygeson, K.J, (1995), Management of Financial Institutions, Addison Wesley, Longman, London.

Financial Markets 2 Course Manual, Institute of Bankers in Malawi, 2007