



**INSTITUTE OF BANKERS IN MALAWI**

**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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## 1.0 INTRODUCTION

The Diploma in Banking and Financial Services is the second stage in the Institute of Bankers in Malawi's qualifications. This qualification provides a candidate who has chosen banking as a career, a strong foundation for further advancement. With the increased recognition and acceptability of banking qualifications within the banking and financial services industry, the Diploma in Banking would be a starting point for considerations for promotions into supervisory and management positions.

A holder of a Diploma in Banking will be well equipped to serve supervisory and management positions in various fields within the banking and financial services. To qualify for a Diploma in Banking one must study and be examined and pass eight subjects consisting of three generic cores subjects, three specialist subjects and two elective subjects.

This syllabi handbook also contains a set of Rules and Regulations for the examinations which everyone intending to take examinations must comply with.

## 2.0 AIMS OF STUDY

The Diploma in Banking program is the second level in the study towards a professional qualification in Banking under the Institute of Bankers in Malawi. After completing this stage, students are expected to acquire necessary skills in specific areas of specialization and be able to apply the knowledge gain in real life situations.

## 3.0 AREAS OF STUDY

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

	<b>Course Code</b>	<b>Course Title</b>
1.	IOBM-D201	Treasury Management 1
2.	IOBM-D202	International Trade Finance
3.	IOBM-D203	Financial Markets 1
4.	IOBM-D204	Credit Risk Assessment 1
5.	IOBM-D205	Principles of Marketing
6.	IOBM-D206	Financial Concepts A
7.	IOBM-D207	Financial Concepts B
8.	IOBM-D208	Principles of Investment
9.	IOBM-D209	Trustee Accounts
10.	IOBM-D210	Financial Planning Practice
11.	IOBM-D211	Economic Environment
12.	IOBM-D212	Business Statistics
13.	IOBM-D213	Taxation 1
14.	IOBM-D214	Consumer Behavior
15.	IOBM-D215	Customer Relationship Management
16.	IOBM-D216	Law Relating to Banking

17. IOBM-D217 Law of Trusts, Settlements and Administration of Estates

The above subjects are further grouped into five areas of specialisation namely:-

1. Credit Management
2. Marketing
3. Treasury & International Banking
4. Estate & Trust
5. Financial Planning

The subjects are also grouped into three categories of;

1. Generic core
2. Specialist core
3. Electives.

Generic and specialist subjects are compulsory for each area of specialisation. Students are allowed to choose two subjects from a list of elective subjects. To qualify for a Diploma in Banking, students are required to study and pass eight subjects.

### 3.1 Generic Subjects

Course Code	Course Title
OBM-D225	Law Relating to Banking
IOBM-D220	Economic Environment
IOBM-D214	Financial Concepts A (For those specialising in Credit Management)
IOBM-D215	Financial Concepts B (For those specialising in all other professional areas)

The generic subjects are compulsory and must be studied and passed in addition to the specialist subjects by every candidate to qualify for the Diploma in Banking.

### 3.2 Specialist Core Subjects

Specialist core subjects are taken by candidates in line with the areas of specialisation they want to pursue. The five areas of specialisation are detailed below:

#### 3.2.1 Credit Management

Candidates specialising in Credit Management are required to study and pass three specialist subjects three generic core subjects and two elective subjects to qualify for a Diploma in Banking. Specialist subjects in credit management are as follows:

<b>Course Code</b>	<b>Course Title</b>
IOBM–D212	Credit Risk Assessment 1
IOBM–D219	Financial Planning Practice
IOBM–D222	Taxation 1

### **3.2.2 Marketing**

Candidates specialising in Marketing are required to study and three specialist subjects relating to marketing, three generic core subjects and study two elective subjects to qualify for a Diploma in Banking. Specialist subjects in marketing are as follows:

<b>Course Code</b>	<b>Course Title</b>
IOBM–D213	Principles of Marketing
IOBM–D210	International Trade Finance
IOBM–D209	Treasury Management 1

### **3.2.3 Treasury and International banking**

Candidates specialising in Treasury and International Banking are required to study and pass three specialist subjects, three generic core subjects and two elective subjects in order to make a total of eight subjects required to qualify for a Diploma in Banking. Specialist subjects in Treasury and International Banking are as follows:

<b>Course Code</b>	<b>Course Title</b>
IOBM–D209	Treasury Management 1
IOBM–D210	International Trade Finance
IOBM–D219	Financial Planning Practice

### **3.2.4 Estates and Trust Management**

Candidates specialising in Estates and Trusts Management are required to study and pass three specialist subjects, three generic core subjects and two elective subjects to qualify for a Diploma in Banking. The specialist subjects in Estates and Trusts Management are as follows:

<b>Course Code</b>	<b>Course Title</b>
IOBM–D226	Law of Trusts, Settlement and Administration of Estates
IOBM–D218	Trustee Accounts
IOBM–D217	Principles of Investment

### **3.2.5 Financial Planning**

Candidates specialising in Financial Planning are required to study and pass three specialist subjects, three generic core subjects and two elective subjects to qualify for an award in Diploma in Banking. The specialist subjects in Financial Planning are as follows:

<b>Course Code</b>	<b>Course Title</b>
IOBM–D219	Financial Planning Practice
IOBM–D217	Principles of Investment
IOBM–D209	Treasury Management 1

### **3.3 Elective Subjects**

Candidates specialising in any professional area are required to take two elective subjects from the list below.

<b>Course Code</b>	<b>Course Title</b>
IOMB–D224	Customer Relationship Management
IOBM–D211	Financial Markets 1
IOBM–D223	Consumer Behaviour
IOBM–D221	Introduction to Business Statistics

## **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 be 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.

## 8.0 DETAILED SYLLABUSES FOR DIPLOMA IN BANKING COURSES

### 8.1 TREASURY MANAGEMENT IOBM-D201

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Treasury Management 1
<b>Course code:</b>	IOBM-D201
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/week:</b>	1x1 hour
<b>Assessment:</b>	Final Examinations 100%

#### 8.1.1 Aim of the study

To enable students acquire a detailed understanding of the treasury management function in Malawi.

#### 8.1.2 Objectives of the study

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

- (a) Identify various risks the treasury function faces and their impact on the business.
- (b) Explain the role of corporate governance in the treasury management.
- (c) Explain various instruments available in treasury operations.

#### 8.1.3 Topics of Study

##### (a) Nature of Treasury Function

- The meaning of Treasury Management function
- Responsibilities and reasons for the rise in the treasury management function.
- General role of the treasurer
- Bank treasury and its function
- Markets in which treasury operates
- Market participants and other concepts in treasury.

##### (b) Asset and Liability Management

- Forms of instruments available
- Settlement of liabilities between banks

##### (c) Bank Supervision functions of the Reserve Bank of Malawi

- Role and objectives
- Requirements of banking system
- Preparation of return by banks for submission to RBM

**(d) Risk Management**

- Types of risks: financial and operational
- Identification of risk types and impact on business
- Ways of reducing financial risks
- Process of risk management

**(e) Corporate Governance and Treasury Function**

- Structure and policies of treasury
- Revaluation of securities and profit calculations
- Meaning of corporate governance
- Advantages of corporate governance
- Enhancing corporate governance
- Corporate governance practice in the eastern and western economies
- Corporate governance practice in Malawi.

**8.1.4 Recommended readings**

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

Smithson, C.W. and Smith, C.W. Managing Financial Risks: A guide to derivative products, (3<sup>rd</sup> Ed). MacGraw-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.

Treasury Management 1 Course Manual, Institute of Bankers in Malawi, 2007

## **8.2 INTERNATIONAL TRADE FINANCE IOBM-D 202**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	International Trade Finance
<b>Course code:</b>	IOBM-D202
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examinations 100%,

### **8.2.1. Aim of the study**

To develop an understanding of the principles, concepts and techniques of International Trade Finance with special reference to Malawi.

### **8.2.2 Objectives of the study**

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

- (a) Define principles, concepts and techniques of international trade finance
- (b) Apply techniques of international trade to current issues and problems in Malawi
- (c) Explain the risks involved in international trade

### **8.2.3. Topics of Study**

#### **(a) Introduction**

- The concept of foreign trade, foreign fiancé and foreign exchange.
- The role of exchange control in foreign trade.
- Foreign exchange and trade services provided by banks.

#### **(b) Export Markets**

- The concepts of export markets
- Risk
  - Country risk
  - Foreign exchange risk
  - Exchange control issues

#### **(c) Methods used to settle international trade**

**(d) Nostro and vostro accounts**

**(e) Exchange Rates**

- The concept of exchange rates
- Factors affecting exchange rates
- Spot rates and forward rates
- Premiums and discounts

**(h) Swift**

- Role and features of swift
  - Treasury
  - Payments
  - Banking
  - Securities
  - Trade

**(i) Documentary Letters of Credit**

- What is documentary letters of credit
- Operation of documentary collection
- Clean collections documentary collection
- Types of documentary credits and their merits and demerits
- Parties to a documentary credit and their roles.
- Procedure for the establishment of a documentary credit.
- The role of the International Chambers of Commerce (ICC) publication uniform customs and practice for documentary credit 1993 revision ICC publication 500.

**(j) Export Credit Insurance**

- Meaning of export credit insurance
- What is covered by export credit insurance?
- Exporter's obligating
- Calculation of premiums

**(k) Foreign Finance**

- What is foreign finance?
- Characteristics of foreign finance
- Type of foreign finance
- Mechanics of each type of finance
- Foreign currency overdrafts and accounts.
- Acceptance credits
- Role of Euro currency

- Availability of foreign finance in Malawi.

**(I) Exchange Control**

- Exchange control rulings
- Exchange control and foreign currency accounts
- Other areas where exchanging control rulings apply.
- Cross boarder investment.
- The role of depositing
- The role of banks in cross boarder investments.
- Asset swaps.

**8.2.4 Recommended readings**

Eric Bishop, Introduction to International Trade Finance, Butterworth-Heinemann. 2003

Finance, and Security Economics U.S Congress, Joint Economic Committee. Subcommittee on International Trade – U.S,G.P.O. Population Growth and Development.

International Trade Finance Course Manual, Institute of Bankers in Malawi, 2007



**8.3 FINANCIAL MARKETS 1 1OBM-D203**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Financial Markets 1
<b>Course code:</b>	IOBM-D203
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examinations 100%

**8.3.1 Aim of the study**

To enable students understand the financial system and the money market.

**8.3.2 Objectives of the study**

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

- (a) Examine the role of the financial markets in the financial system.
- (b) Explain international aspects of financial markets.

**8.3.3 Topics of Study**

**(a) Financial Markets and Instruments**

- Overview of financial markets.
- The money market and the capital market.
- Inflation risk and term structure of interest rates.

**(b) The Money Market**

- Definition
- Market participants
- Function
- Money market instrument
- Interest rates and liquidity risk.

**(c) Capital Market**

- Definition
- Market participants
- Function
- Capital market instruments

- Interest rates and liquidity risks

**(d) Foreign Exchange Market**

- Exchange rates
- Markets and instruments
- Introduction to financial derivatives
  - Forward contracts
  - Future contracts
  - Swaps
- Euro markets

**8.3.4 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., Modiglian, 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 1 Course Manual, Institute of Bankers in Malawi, 2007

## **8.4 CREDIT RISK ASSESSMENT 1OBM-D204**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Credit Risk Assessment 1
<b>Course code:</b>	IOBM-D204
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examinations 100%

### **8.4.1 Aim of the study**

Introduce students to issues of borrowing in the banking industry.

### **8.4.2 Objectives of the study**

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

- (a) Explain the process of borrowing.
- (b) Explain the process of vetting borrowers.
- (c) Identify various financial performance aspects that are important when assessing borrowers.
- (d) Describe the process of corporate failure prediction.

### **8.4.3 Topics of Study**

#### **(a) Introduction**

- Borrowers
- Classification of businesses
- Borrowing needs of organisations.

#### **(b) Financial Performance Analysis**

- (i) Ratio analysis
- (ii) Interpreting the ratios
- (iii) Important aspects when assessing financial statements.
- (iv) Limitations of ratio analysis.

#### **(c) Working Capital Management**

- Elements of working capital
- Working capital cycle
- Working capital ratios
- Managing working capital

- Overtrading

**(d) Budgeting and Budgetary Control**

- Nature
- Importance
- Process
- Cash budgets

**(e) Costing**

- Classification of costs
- Breakeven analysis

**(f) Corporate Failure Prediction**

- Ratios
- Z scores
- Other models

**(g) Special Situation**

- Financial statements of farmers
- Group financial statements
- Off-balance sheet financing
- Inflation accounting and income determination.

**8.4.4 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.

Wood, F. Sangaster A Business Accounting 1, 10<sup>th</sup> ED, Prentice Hall London 2005.

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

Brealy. Introduction to Corporate Finance.

Credit Risk Assessment 1 Course Manual, Institute of Bankers in Malawi, 2007

**8.5. PRINCIPLES OF MARKETING IOBM-D205**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Principles of Marketing
<b>Course code:</b>	IOBM-D205
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examinations 100%

**8.5.1 Aim of the study**

To enable students acquire a detailed understanding of marketing as a business function.

**8.5.2 Objectives of the study**

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

- (a) Explain basic principles of marketing
- (b) Identify roles of marketing in organisations
- (c) Explain the importance of marketing in banking

**8.5.3 Topics of Study**

**(a) Introduction**

- Definition of marketing function
- The origin, evolution and nature of marketing
- The marketing process
- Marketing activities
- The role of marketing in organisations

**(b) The Marketing environment**

- Nature of the marketing environment
- Microenvironment and macro environment
- Impact of SLEPT factors on marketing decisions
- Environmental scanning

**(c) Marketing Information**

- What is marketing information

- Sources of marketing information
- Type of marketing information
- Marketing information systems
- Primary and secondary data
- The role of marketing research
- The marketing research process

**(d) Consumer Behaviour**

- Dimensions of buyer behaviour
- The role of the buying centre: who buys?
- The consumer decision-making process
- Influences on consumer behaviour

**(e) Market Segmentation and Demographics**

- Nature of marketing segmentation
- Basis for segmentation
- Advantages of segmentation
- Meaning of the term target marketing

**(f) Strategic Planning and Marketing Process**

- Strategic Planning
- The Marketing Process
- Marketing strategies and competitive advantage
- Managing the Marketing effort

**(f) The Marketing Mix**

- Product/Service
- Price
- Place/Distribution
- Promotion(Marketing Communications)
- Integrated Marketing Communications Strategy

**(g) Direct and Online Marketing: New Marketing Model**

- The new Direct Marketing Model
- Online Marketing and Electronic Commerce
- Integrated Direct Marketing
- Public Policy and Ethical issues in Direct Marketing

**(i) The Global Marketplace**

- Global Marketing in the 21<sup>st</sup> Century
- The Global Marketing Environment
- The International Trade system
- World Trade Bodies- Facilitators of world trade
- The Global Marketing Organisation

#### **8.5.4 Recommended readings**

Stanton, J., Etzel, M., and Walker, B., Fundamentals of Marketing, 9<sup>th</sup> Ed, McGraw Hill International (UK) Limited, England

Kotler, P., and Armstrong, G., Principles of Marketing, Prentice Hall Inc, Englewood Cliffs, New Jersey.

Jobber, D., Principles of Marketing, McGraw Hill International (UK) Limited, England.

Procter, T., Essentials of Marketing, Prentice Hall, UK.

Principles of Marketing Course Manual, Institute of Bankers in Malawi, 2010.

**8.6 FINANCIAL CONCEPTS A IOBM-D206**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Financial Concepts A
<b>Course code:</b>	IOBM-D206
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examination 100%

**8.6.1 Aim of the study**

To enable students understand techniques of corporate finance used in business decision-making.

**8.6.2 Objectives of the study**

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

- (a) Define basic concepts in financial mathematics
- (b) Use concepts of financial mathematics to evaluate quantitative data in business
- (c) Apply quantitative methods to obtain accurate and reliable information for decision making

**8.6.3 Topics of study**

**(a) Introduction to Financial Mathematics**

- Simple interest; compound interest; nominal interest rate; effective interest rate.
- Discounting
- Simple applications: annuities and perpetuities, amortization and sinking fund, finite constant growth annuity models.

**(b) Application of Financial Mathematics**

- Use of present value tables.
- Calculation and appraisal of annuities.
- Discounting: Net Present Value and Internal Rate of Return.
- Investment analysis and appraisal: Merits and limitations of capital budgeting techniques, ranking alternative capital budgeting.

**8.6.4 Recommended readings**

Francis, A., Mathematics and Statistics.



Waters, C D J., Quantitative Methods.

Griffin, Business Mathematics.

Financial Concepts A Course Manual, Institute of Bankers in Malawi, 2007

.

**8.7 FINANCIAL CONCEPTS B IOBM-D207**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Financial Concepts B
<b>Course code:</b>	IOBM-D207
<b>Level of study:</b>	2
<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>	3 x 1
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

**8.7.1 Aim of the study**

To enable students understand techniques of corporate finance used in business decision-making.

**8.7.2 Objectives of the study**

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

- (a) Apply quantitative methods to obtain accurate and reliable management information.
- (b) Explain all aspects of working capital management.
- (c) Prepare budgets for both planning and control purposes.
- (d) Interpret and analyse financial statements of various businesses.
- (e) Identify methods an organisation can use to calculate costs content.

**8.7.3 Topics of study**

**(a) Financial Mathematics and Capital Investment Appraisal**

- Net Present Value and Internal Rate of Return.
- Discounted cash flows.
- Annuities and perpetuities.

**(b) Ownership of Businesses**

- Legal personality
- Liability
- Financing
- Legal requirements
- Profit-share incentives
- Management participation

**(c) Interpretation of Financial Statements**

- Use of financial ratios: advantages & limitations.
- Borrowing decisions.

**(d) Working Capital Management**

- Operating cycle
- Funding
- Control
- Overtrading

**(e) Financial Statements of Farmers**

- Introduction
- Group financial statements preparation
- Inflation accounting
- Off-balance sheet financing
- Contingent liability and its implication.

**(f) Cost Classifications**

- Nature of costs
- Cost volume profit analysis: breakeven analysis.

**8.7.4 Recommended readings**

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

Wood F., Sangaster A, Business Accounting 1, 10<sup>th</sup> ED Prentice Hall London 2005

Francis, A. , Business Mathematics and Statistics

Lucey, T., Costing.

Financial Concepts B Course Manual, Institute of Bankers in Malawi, 2007

**8.8. 8.8 PRINCIPLES OF INVESTMENT IOBM-D208**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Principles of Investment
<b>Course code:</b>	IOBM-D208
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examination 100%

**8.8.1 Aim of the study**

- (a) To enable students acquire foundational concepts in investments and develop their understanding of the basic investment principles.
- (b) To enable students acquire knowledge on how to advise companies on what instruments to invest in taking into account benefits and limitations of such investments.
- (c) To provide students with a solid foundation for later module on investments.
- (d) To provide students with opportunities to explore the latest developments in this field and help them to discover the field of investments as it is practiced today.

**8.8.2 Objectives of the study**

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

- (a) Explain terminology and principles involved in the various investments.
- (b) Identify instruments to invest in, taking into account benefits and limitations of such investments.
- (c) Familiarize themselves with the basic principles of investment.
- (d) Explain the way securities markets operate.
- (e) Explain the major investment theories and their implications for the investment decision.
- (f) Perform time – value – of – money calculations and make investment decisions based on your calculations.
- (g) Value assets based on the most prominent valuation models.
- (h) Explain the whole process of fundamental analysis.
- (i) Define the money market and explain how it operates.
- (j) Explain the principal features of the money market.
- (k) Perform calculations in respect of the various money market instruments.
- (l) Elaborate on each of the money market instruments.

**8.8.3 Topics of Study**

- (a) **The Investment Setting**

- The required rate of return
- Fundamental principles of investment
- Diversification
- The investment management process

**(b) Organization and Functioning of Securities Markets**

- Characteristics of well functioning securities markets
- Primary and secondary markets
- Market structures
- Securities markets
- Market indices
- Major changes in global securities markets
- How to interpret share price tables
- Additional securities market terminology

**(c) Developments in investment theory**

- Efficient market theory.
- Investment theory

**(d) The time value of money**

- Basic patterns of cash flow
- Single amounts
- Calculating the present and future value of annuities
- Mixed stream
- Special applications of time value
- Net present value (NPV).
- Internal rate of return (IRR)
- 

**(e) Fundamental analysis**

- Three – step valuation process
- Macroeconomic analysis
- Industry analysis.
- Company analysis

**(f) Introduction to the Money Markets**

- What is the money market
- The retail and wholesale markets
- The role of the money market
- Trading in the money market
- Participants in the money market
- Classification of money market instruments

### (g) Bond and Equity/Stock Markets

- Bond Market
- Bond market participants
- Bond market volatility
- Bond Valuation
- Yield and price relationships
- Bond pricing
- Equity/stock market
- Types of stock/shares
- Shareholder
- Application
- Means of financing
- Trading
- Stock price fluctuations
- Share price determination
- Arbitrage trading

#### 8.8.4 Recommended readings

Principles of Managerial Finance 12<sup>th</sup> edition

Investment analysis and portfolio management. Orlando, FL; Dryden.

Principles of corporate finance, 7<sup>th</sup> edition; New York;

Investment management.

Andrew Rudd. Modern portfolio theory: The principles of investment.

David Luenberger. Investment Science.

John Emmett Kirshman. Principles of Investment.

Principles of investment Course Manual, Institute of Bankers in Malawi, 2010

[www.investopedia.com](http://www.investopedia.com)

[www.accountingcoach.com](http://www.accountingcoach.com)

## **8.9 TRUSTEE ACCOUNTS IOBM-D209**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Trustee Accounts
<b>Course code:</b>	IOBM-D209
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examination 100%

### **8.9.1 Aim of the study**

To promote an understanding of principles and concepts of bookkeeping of trust

### **8.9.2 Objectives of the study**

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

- (a) Explain principles and concepts of bookkeeping for trustees.
- (b) Describe the effects of deaths on different business entities.
- (c) Apply the concepts of estate planning in giving advice and implications for business entities.

### **8.9.3 Topics of Study**

#### **(a) Estate Planning**

- Objectives and tools
- Concept of usufruct and fideicommissum
- Liquidation and distribution account for deceased estate
- Duties of an executor.

#### **(b) Trustee**

- Definition
- Duties of trustee
- Appointment and termination
- Bookkeeping of a trustee.

#### **(c) Tutor and Curator**

- Definition
- Duties of tutors and curators
- Preparation of tutor and curator account
- Tutor testamentary and tutor dative

**(d) Estate Duty**

- Liability for estate duty: persons and property
- Valuation of property
- Deductions allowable under Estate Duty Act
- Rebate for rapid succession
- Calculation of state duty
- Concept of double death duties

**(e) Business Partnership**

- Scope
- Types of partnership
- Death of partner

**8.9.4 Recommended readings**

Robert E. Ginsberg & Robert D. Martin. Ginsberg & Martin Bankruptcy. John Wiley & Sons, 2001.

Dennis R. Hower, Wills, Trusts and Estates. John Wiley & Sons 2002.

Trustee Accounts Course Manual, Institute of Bankers in Malawi, 2007

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## 8.10 FINANCIAL PLANNING PRACTICE

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Financial Planning Practice
<b>Course code:</b>	IOBM-D210
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

### 8.10.1 Aim of the study

To enable students understand the ever-changing developments in the area of financial services.

### 8.10.2 Objectives of the study

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

- (a) Describe concepts and techniques in financial planning services.
- (b) Apply the knowledge obtained to solve problems pertinent to corporate financial planning.

### 8.10.3. Topics of Study

#### (a) Sales Process and Methods

- Principles and steps of sales process.
- Independent nature of steps
- Carrying out of tasks within framework of instructions

#### (b) Information Gathering

- Formulation and posing of open ended questions.
- Needs analysis

#### (c) Case Study Analysis

- Determination of risk profile, needs and provisions.
- Gap between needs and provisions.
- Financial problems and challenges.
- Financial goals and objectives.
- Objective – setting process.
- A suite of solutions to client needs.
- Interpretation of results of need analysis.

**(d) Technical and Professional Expertise Requirements**

- Product knowledge and technical materials
- Rules and regulations of financial services sector regulating bodies
- Technical components of the job e.g. tax laws.

**(e) Financial Management and Budgeting**

- Cashflows
- Cash management principles and concepts

**(f) Risk Profile of Clients**

- a. Matching appropriate products to risk
- b. Correlation of risks with financial rewards.

**8.10.4 Recommended readings**

Randall Guttery. Personal Financial Planning: Theory and practice.

David E Marcinko. Financial Planning Handbook.

Alan Steiss. Financial Planning and Management.

Financial Planning Practice Course Manual, Institute of Bankers in Malawi, 2007

## 8.11 ECONOMIC ENVIRONMENT IOBM-D211

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Economic Environment
<b>Course code:</b>	IOBM-D211
<b>Level of study:</b>	2
<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>	3 x1 hour
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examination 100%

### 8.11.1. Aim of the study

To enable students examine activities of firms, industries and their influences on other institutions such as banks, insurance companies, trade unions, local and central government bodies.

### 8.11.2 Objectives of the study

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

- (a) Identify micro and macroeconomic principles and their importance to organisations.
- (b) Explain the economic variables and their relationships that exist within organisations and the economy at large.

### 8.11.3 Topics of study

#### (a) Introduction

- Economics defined
- Micro and macroeconomics
- Factors of production
- Economic system
  - Free market economy
  - Planned economy
  - Mixed economy
- Various economic participants

#### (b) Measuring the Performance of the Economy

- c. Concept of performance
- d. Reason for measuring performance
- e. Quantitative and qualitative performance measures
- f. Standard macroeconomic objectives

#### (c) The Labour Market

- Nominal and real wages
- Population growth and its effect on labour force
- Market supply curve of labour
- Demand for labour
- MRP and the wage rate
- Formal and informal sector

**(d) The Monetary Sector**

- Money defined
  - M1, M2 and M3
- Functions of the Research Bank
- Demand for and supply of money
- Instruments of monetary policy

**(e) The Public Sector**

- Government in a mixed economy
  - Government functions
  - Why government is involved in economic activity
- Various types of taxes
  - Criteria for a good tax
  - Tax burden
- Fiscal policy
- Nationalization and privatization

**(f) The Foreign Sector**

- Absolute and relative advantage
- Current and financial account of BOP
- Exchange rate regime
  - Appreciation and depreciation
  - Devaluation and revaluation
- International competition

**(g) Keynesian Macroeconomic Model**

- Three central macroeconomic flow lists
- Consumption and saving function
  - Marginal Propensity to Consume
  - Marginal Propensity to Save
- The multiplier

**(h) Keynesian Model, Government and the Foreign Sector**

- Impact of government spending on aggregates spending, the multiplier and equilibrium level of income.
- Disposable income
- Government spending and tax rate
- Effects of exports and imports on equilibrium level of income.

**(i) Monetarism**

- Difference between Keynesianism and Monetarism.
- Keynesian transmission mechanism
- Velocity of circulation of money
- Monetarist direct transmission mechanism.

**(j) Unemployment and Inflation**

- Different types of employment
- Inflation defined
  - Demand pull and cost push inflation
- The Phillips Curve.

**(k) Economic Growth and Development**

- Economic growth and development defined
- Measuring economic growth and development
- The business cycle
- Sources of economic growth

**8.11.4 Prescribed Texts**

Lipsey, G. Economics. (2000), McGraw Hill, London.

Townsend H, Foundations of Business Economics, 1995. Routledge – UK

Malawi Government, Economic Reports, Various Issues

Reserve Bank of Malawi, Financial and Economic Review, Various Issues

Economic Environment Course Manual, Institute of Bankers in Malawi, 2007

## 8.12 BUSINESS STATISTICS

## IOBM-D212

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Business Statistics
<b>Course code:</b>	IOBM-D212
<b>Level of study:</b>	2
<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>	3 x 1
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

### 8.12.1 Aim of the study

This course is aimed at equipping the student with knowledge and skills to apply a range of quantitative techniques to financial problems in order to aid meaningful and effective decision making.

### 8.12.2 Objectives of the study

On completion of this module the student will be able to:

- (a) appreciate and apply statistics in the business decision making process;
- (b) solve conditional probability problems and apply Bayes' rule;
- (c) apply concepts of probability to analyse business decision making under conditions of uncertainty;
- (d) carry out statistical tests and interpret results ;
- (e) calculate and apply index numbers in business;
- (f) make forecasts using time series analysis
- (g) use optimization techniques in business decision making;
- (h) perform project appraisals.

### 8.12.3 Topics of Study

#### (a) Conditional Probability and Expectation

- Expectation
- Conditional Probability
- Bayes' Theorem

#### (b) Probability Distributions

- Random Variables: Discrete and continuous random variables
- Binomial distribution

- Poisson distribution
- Normal distribution

**(c) Statistical Inference**

- Sampling distribution of the mean
- Estimation and confidence intervals
- Hypothesis testing: one-sample tests, two-sample tests of the mean, proportion
- Chi-squared tests.

**(d) Time Series**

- Time series models
- Time series trend
- Seasonal variation and forecasting

**(e) Index Numbers**

- Constructing index numbers
- Simple aggregate index
- Weighted index numbers
- Rebasing index numbers
- Other important index numbers eg Consumer Price Index
- Uses of indices

**(f) Financial Calculation: Interest and Investment Appraisal**

- Time value of money
- Simple and compound interest
- Financial appraisal
- Investment appraisal

**(g) Linear Programming**

- Formulating a linear programming model
- Finding the optimal solution: the graphical method
- Sensitivity analysis

**(h) Statistical Quality Control**

- Causes of variation
- Diagnostic charts: Pareto charts, Scatter graphs, Fishbone diagrams
- Control charts: charts for the mean, range

## **RECOMMENDED RESOURCES/READING LIST**

Francis A., *Business Mathematics and Statistics*, 6th ed. (2004), Thomson Learning.

Wegner, Trevor, *Applied Business Mathematics and Statistics*, 2nd ed. (2007), Juta & Company

Lind, D.A., Marchal, W.G., Wathen, S.A., *Statistical Techniques in Business & Economics*, 12th ed (2005), McGraw-Hill Irwin.

Keller, G., *Statistics for Management and Economics*, 7th ed. (2005), Thomson Learning.

Swift, L., Piff, S., *Quantitative Methods for Business, Management and Finance*, (2005), Pelgrave Macmillan.

Sweeney, D.J., Williams, T.A., & Anderson, D.R., *Fundamentals of Business Statistics*, (2006), Thomson Learning.

Curwin, J. and Slater, R., *Quantitative Methods for Business Decisions*, Third Edition, (1991), Chapman & Hall.



**8.13 8.13 TAXATION 1 IOBM-D213**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Taxation 1
<b>Course code:</b>	IOBM-D213
<b>Level of study:</b>	2
<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>	3 x 1
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examination 100%

**8.13.1 Aims of the study**

To enable students develop knowledge of Malawi taxation and the ability to apply this knowledge in making tax computations.

**Objectives of the study**

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

- (a) Explain concepts in taxation in Malawi
- (b) Explain the different types of taxes in Malawi
- (c) Compute the different taxes using given rates
- (d) Identify the different stages of tax collection in Malawi

**8.13.2 FORMAT AND STANDARD OF THE EXAMINATION PAPER**

The examination paper will be divided into two sections, A and B. Section A will have four compulsory questions. Section B will have four questions and candidates will be required to answer 2. Section A will account for 60% of the examination and section B 40%. There will be a balance between narrative and computational questions.

### 8.13.3 Topics of Study

#### (a) Background and Basic Principles

- Introduction to taxation
- a. Purpose of taxation.
- b. Definition of tax
- c. Reasons for a government introducing a tax system
- d. Essential elements of a good tax system( canons of Taxation)
- e. Types of taxes in Malawi ( VAT, stamp duties, property tax, estate duty, on resident)
- f. Taxes based on Income
- g. Direct and Indirect taxes
- h. Characteristics of taxation(progressive, proportional and regressive)

#### (b) Categories of tax payers

1. Individuals earning more than the tax free amount ( currently in excess of MK156,000)
2. Sole traders
3. Partnerships
4. companies
5. Other non exempt bodies and corporations

#### (c) Income tax for individual taxpayers

- i. Definition of assessable income
- ii. Basis of assessment(source)
- iii. Computation of taxable income and liability
- iv. Deductible expenses with regards to the following:
  1. repairs(section 32)
  2. Premiums(section 34)
  3. Bad Debts (section 35)
  4. Doubtful debts(section 36)
  5. Export allowance(section 36A)
  6. sale of timber( section 38)
  7. Expenses on research and donations(section 39)
  8. Annuity( section 40)
  9. Initial business expenditure( section41)
  10. Training allowance ( section41A)
  11. Transport allowance (Section 41B)

12. Losses( section 42)
13. Position of Husband and wife( section 12(2))
14. Definition of wife earned income
15. deductions not to be made(section 45)

**(d) Income tax as applied to Business**

- i. Computations of profits from trade
- ii. Adjustments for non- taxable income and non-allowable expenses
- iii. Individual businesses (sole traders) and Partnerships.
- iv. Distribution of partnership income (partners salaries, drawings and private expenditure.
- v. Treatment of capital allowances
- vi. Trading losses
- vii. Foreign exchange gains and losses
- viii. Non residence tax
- ix. Fringe benefits taxes ( definition , rules and liability)
- x. Computation of taxable income and liability.

**(e) Capital Allowances**

- i. Description of capita allowances( Investment,Initial and annual)
- ii. Industrial buildings definition and identification of such buildings
- iii. Identification of qualifying assets for various allowances
- iv. The application of appropriate rates for allowances ( Investment,Initial,annual)
- v. Computation of capital allowances, capital gains and capital losses.

**(f) Income tax for special trades**

- i. Charities and trusts
- ii. Clubs and societies
- iii. Farming
- iv. Cooperatives

**(g) Indirect Taxation**

- i. **Customs duties** ( definition, reasons for importation, tariffs, valuation of goods, functions of customs tariffs, calculation of duty, origin of imported goods, duty point,
- ii. **Excise tax** ( goods liable to excise, excise returns, rates, losses

- iii. **VAT** (definition, vat credit system, liability for registration, exempt goods, zero rated goods, returns, refunds, vat rates)

**(h) Collection of Tax**

- i. Returns of taxes and due dates for different taxes( PAYE, Withholding, Provisional, FBT e.t.c)
- ii. Payment of income tax

**(i) Tax Administration**

- The Office of Commissioner of Taxes
- Confidentiality and secrecy
- Returns and assessments
- Appeals: three types of appeals (brief review only)

**8.13.4 Recommended readings**

The Taxation Act, (2008), Chapter 41:01, as amended, Malawi Government Printer, Zomba.

Mtambo B. Taxation in Malawi, Malawi College of Accountancy Publications

Taxation 1 Course Manual, Institute of Bankers in Malawi Course, 2007

## 8.14 CONSUMER BEHAVIOUR

**IOBM-D214**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Consumer Behaviour
<b>Course code:</b>	IOBM-D214
<b>Level of study:</b>	2
<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>	3 x 1 hours
<b>Tutorial hrs/week:</b>	None
<b>Assessment:</b>	Final Examination 100%

### 8.14.1 Aim of the study

To enable students understand theoretical concepts of consumer behaviour and apply them to marketing strategies and decision-making.

### 8.14.2 Objectives of the study

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

- (a) Explain theoretical concepts of consumer behaviour and apply them to marketing strategies and decision-making.
- (b) Present an integrated framework around which the major areas of consumer – behaviour knowledge can be discussed.

### 8.14.3. Topics of Study

#### (a) Introduction

- Ultimate customer, industrial buyer, customer, consumer behaviour.
- Importance of knowledge of consumer behaviour.
- Nature of consumer behaviour.

#### (b) Understanding Consumer Behaviour and Market Segment

- Views of the market and alternative marketing strategies.
- Demographic characteristics and marketing segmentation.
- Lifestyle and psychographic segmentation.
- Usage segmentation
- Benefit segmentation
- Product positioning.

### **(c) Environmental Influences on Consumer Behaviour**

- Culture
- Subculture
- Social class
- Social groups
- Family
- Personal influences and diffusion of innovations.

### **(d) Individual Determinants of Consumer Behavior**

- Personality and self-concept
  - Personality theories and applications
  - Psychographics
  - Self-concept
- Motivation and involvement
- Information processing
- Learning and memory
- Attitudes

### **(e) Consumer Decision Processes**

- Problem recognition
- Search and evaluation
- Purchasing processes
- Post purchase behavior

### **(f) Additional Dimensions**

- Modeling and researching consumer behaviour
- Consumerism
- Organisation buyer behaviour.

#### **8.14.4 Recommended readings**

Loudon D.L., and Della Bitta A.J., Consumer Behavior: Concepts and Applications, 4<sup>th</sup> edition, McGraw-Hill Inc, New York.

Schiffman LG and Kanuk LL. Consumer Behavior, 8<sup>th</sup> Ed. 2003. Prentice Hall

Samli AC. International Consumer Behavior: its impact on marketing strategy development, 1995, Greenwood -US

De Mooij MK. Consumer Behavior and Culture: concepts for global marketing and advertising, 2003. SAGE Publications Inc.

Consumer Behaviour Course Manual, Institute of Bankers in Malawi, 2007

**8.15 CUSTOMER RELATIONSHIP MANAGEMENT IOBM-D215**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Customer Relationship Management
<b>Course code:</b>	IOBM-D215
<b>Level of study:</b>	2
<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>	3 x 1 hour
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

**8.15.1 Aim of the study**

To enable students appreciate the importance of maintaining favourable relationships with customers with a view to improving profitability in their organisations.

**8.15.2 Objectives of the study**

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

- (a) Explain concepts in customer relationship management (CRM)
- (b) Describe the importance of maintaining favourable relationships with customers.
- (c) Apply concepts in CRM to improving profitability in their organizations.

**8.15.3 Topics of Study**

**(a) Introduction to CRM**

- What is Customer Relationship Management (CRM)?
- CRM concepts
- Goal of CRM
- Who leads CRM function?

**(b) Commerce in the 21<sup>st</sup> Century**

- Understanding the landscape
- Customer loyalty
  - Who is a customer
  - What is loyalty
- Loyalty in the new marketplace
- Building and managing relationships in the new market place.

**(c) The Case for CRM**

- Common CRM obstacles
- Total customer experience
- Customer experience management
- Ensuring customer loyalty

**(d) E – CRM**

- Merging CRM and the Internet
- Delivering CRM on and off the Internet
- Recognizing barriers to Internet adoption

**(e) The CRM Process**

- Formality of CRM
- Developing CRM strategy
- Building a CRM component
- Analysing and segmenting customers
- Taking it to customers

**(f) Avoiding Common Barriers**

- Eating a CRM culture
  - Change management
  - Metrics and rewards
  - Sponsorship
- Creating realistic expectations
- Building an operational infrastructure

**(g) Organising for Success**

- Role of different departments in CRM
- Bridging organizational gaps
- Organization and governance
- Garnering leadership support

**(h) Finding the Right Customers**

- Creating a customer profile
- Knowing customers
- Targeting customers

**(i) Customer Privacy**

- What is privacy
- Importance



- Elements of privacy
- Self-regulation and legislation

#### **8.15.4 Recommended readings**

Kincaid J W., Customer Relationship Management, Prentice Hall, PTR.

Customer Relationship Management Course Manual, Institute of Bankers in Malawi, 2007

**8.16 LAW RELATING TO BANKING IOBM- D216**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Law Relating to Banking
<b>Course code:</b>	IOBM-D216
<b>Level of study:</b>	2
<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>	3 x 1 hours
<b>Tutorial hrs/ week:</b>	None
<b>Assessment:</b>	Final Examination 100%

**8.16.1 Aim of the study**

To equip students with knowledge, specific skills and applied competence for gainful employment and valuable contribution to the society in local and international banking and fields associated with financial services.

**8.16.2 Objectives of the study**

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

Upon completion of this course, students should be able to:

- a) Explain the concept of banking and role of banks.
- b) Identify and explain interbank networks.
- c) Recognise and apply appropriate legal rules and principles relating to the bank-customer relationship.
- d) Demonstrate an understanding and apply the principles of the duty of confidentiality on banks.
- e) Distinguish between various crimes and torts in bank transactions.
- f) Demonstrate an understanding of the international dimension of banking

**8.16.3 Topics of Study**

**1. (a) Intended Learning Outcomes**

**A. BANKING AND BANK ORGANISATION**

**1. The Nature of Banking**

- Common Law Definitions
- Statutory Definitions: The Banking Act
- The Malawi Approach
- Role of Banks
- Types of Banks
- Other Financial Institutions
- Comparative Approach, SADC and UK

## **2. The Reserve Bank of Malawi as a Central Bank**

- Origins and Establishment
- Legal Status
- Structure of the Bank
- Principal Objectives and Functions of the Bank
- Monetary Policy
- Financing Government

## **3. Establishing a Bank in Malawi**

- Incorporation
- Minimum Capital Requirements, dividends and Cash Reserves
- General Rights and Liabilities
- Accounts and Annual Returns
- Winding up

## **4. Banking Structures**

- Branches
- Representative Offices
- Banking Groups
- Bank Mergers and Acquisitions
- Bank insolvency

## **5. Introduction to Trade and Finance**

- Bank Finance for Trade
- Documentation
- CIF and FOB Contracts
- Carriage of Goods by Sea
- Carriage of Goods by Road
- Carriage by Multi-Modal Transport
- Bills of Lading
- Application of Letters of Credit and other Instruments

## **6. Exchange Control**

- Exchange Control Regulation
- Types of Exchange Controls
  
- Summary
- Self-Assessment Questions

## **B. BANK OPERATIONS: INTERBANK NETWORKS**

### **Correspondent Banking**

- Correspondent Banking
- Risk and Liability of Banks in interbank transactions
- Implications of Money Laundering on the Correspondence

## **7. Interbank Markets**

- Contracting on interbank markets
- Standard Form Documentation-UCP 600
- The Terms and their Interpretation
- Regulatory Law

## **8. Clearing Systems**

- The Rules of the System
- The Position of Non-Member Customers
- Regulation of Clearing Systems

## **9. Bank Syndication**

- Nature of Syndicates in financing
- Severalty Clause in Context
- Subscription Agreement for Securities Issues
- Legal Characteristics of a Syndicate
- The Agent Bank
- The Lead's Liability for the Information Memorandum
- Summary
- Self-Assessment Questions

## **C. BANKS AND THEIR CUSTOMERS**

### **10. The Bank- Customer Relationship**

- Introduction
- Bank Customers and Banking Services
- Characteristics of the Bank – Customer Relationship

## **11. Banking Contracts**

- Identifying the Customer
- Validity of a Banking Contract: Authority and Capacity
- The Bank's Mandate
- Contract Terms
- Right and Duties of the Banker
- Rights and Duties of the Customer
- Regulating Banking Contracts: Common Law and Statute Law

## **12. The Bank as Depository**

- The Current Account
- Statements of the Account
- Combination of Accounts
- Bank Charges
- Authorisation to Deal with the Account
- Closure of the Account
- Inspection and Proof in Legal Proceedings

## **13. The Duty of Confidentiality**

- Nature and Justification of the Duty
- Basis of the Duty
- Scope of the Duty
- Duty not to use Confidential Information
- Qualifications to the Duty
- International Dimension

## **14. Advisory and Transactional Liability**

- Basis of Liability
- Reasonable Care and Skill
- Fiduciary Law
- Knowing Receipt, Inconsistent Dealing and Assistance
- Emerging Standards: Due Diligence, Suitability and Good Faith

## **15. Determining the Content of Liability Standards**

- Banking Practice
- Industry and Regulatory Codes
- Bank Manuals
- Type of Transaction and Customer

## **16. Advice**

- Duty to Advise
- Liability for Advice Given
- Vitiating Factors: Undue influence and Duress
- Vitiating and Third Party Behavior

## **17. Lender Liability**

- Promoting Risky Loans
- Management and Termination of Facility
- Workout, Receiverships and Insolvencies
- Environmental Liability
  
- Summary
- Self- Assessment Question

## **D. CRIMES AND TORTS RELATING TO BANKING**

- Forgery
- Imitation of Bank Notes
- Falsification
- Fraud
- Destruction of Books
- Deposits for Illegal Purposes
- Money Laundering and Proceeds of Crime

## **18. Conversion**

- Definition
- Money Had and Received
- Money Paid by Mistake
- Money Received by an Agent
- Payment on Negotiable Instruments

## **19. Tort of Conversion**

- Definition
- Legal Ownership or Right to Possession
- Intentional Interference
- Deprivation
- Damages of Loss
- Summary
- Self-Assessment Questions

## **E. THE INTERNATIONAL DIMENSION**

### **20. International Banking**

- Nature of International Banking
- Forms of International Banking
- Host-Country Response
- Facilitating Foreign Banks
- Limiting Foreign Banks
- The Concept of Reciprocity

### **21. Cross-Border Banking**

- Introduction
- Regulating the Multinational Bank
- Extraterritorial Jurisdiction
- Moratoria and Freezes
- Anti-Suit Injunctions
- Secrecy Laws

### **22. Resolving a Clash of Jurisdictions**

- Avoiding Problems
- Judicial Decision-Making: Comity and Balancing
- International Co-operation
- International Harmonisation

### **23. International Financial Institutions**

- The World Bank: Aims and Objectives
- The International Monetary Fund (IMF): Aims and Objectives
- The International Bank of Settlement (IBS): Aims and Objectives
- The African Development Bank (ADB): Aims and Objectives

- The Eastern and Southern African Trade and Development Bank (PTA): Aims and Objectives
- The African Export and Import Bank (AFLEXIM Bank): Aims and Objectives

#### 24. Prescribed Text

Cranston R, Principles of Banking Law, (Oxford: Oxford University Press, 2000)  
 Cranston R, Banks-Liability and Risk, (London: Lloyd's of London Press, Latest Edition)  
 Mark H, Paget's Law of Banking (London: Butterwoths Latest edition)  
 Rogers W, Winfield and Jolowicz on Tort (London: Sweet and Maxwell 2008)  
 Schitthoff C, The Law and Practice of International Trade, (London: Stevens and Sons, Latest Edition)  
 Lingaard James R., (1993), Bank Security Documents, Butterwoths, London.  
 Smart P.E. Chorley & Smart, (1996), Leading Cases in the Law of Banking, 6<sup>th</sup> Edition, Butterwoths, London.  
 Banking Act Cap 44:01  
 Bills of Exchange Act Cap 48: 02  
 Exchange Control Act Cap 45:01  
 Money Laundering, Proceeds of Serious Crime & Terrorist Financing Act 2006  
 Reserve Bank of Malawi Act Cap 44:02  
 The Penal Code Cap 7:01  
 Institute of Bankers in Malawi, Law Relating to Banking Course Manual, 2009



## **8.17 LAW OF TRUSTS, SETTLEMENTS & ADMINISTRATION OF ESTATES IOBM-D217**

<b>Programme:</b>	Diploma in Banking
<b>Course title:</b>	Law of Trusts, Settlements & Administration of Estates
<b>Course code:</b>	IOBM-D217
<b>Level of study:</b>	2
<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%

### **8.17.1 Aim of the study**

To impart to students knowledge and skill concerning the Law of Trusts, Settlements and the Administration of Estates and the ability to apply this knowledge to business transactions and affairs arising from Trusts, Settlements, and Administration of Estates that banks and financial institutions frequently deal with as bankers or as trustees of such trusts, settlements, or administrators of estates.

### **8.17.2 Objectives of the study**

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

- (a) Handle matters, related to Trusts, Settlements, and Estate Administration.
- (b) Apply the knowledge to business transactions and affairs arising from Trusts, Settlements, and Administration of Estates that banks and financial institutions frequently deal with as bankers or as trustees of such trusts, settlements, or administrators of estates.

### **8.17.3 Topics of Study**

#### **A. LAW OF TRUSTS**

##### **(a) The Nature and Creation of Trusts**

- Nature of trusts and of the trust relationship
  - Essentials of a valid trust
  - Trusts contrasted with other relationships
  - Formalities required for the creation of a Trust and the transfer of an interest under a trust

##### **(b) Classification of Trusts**

- Express Private Trusts
  - Executory Trusts

- Secret Trusts
- Express Public (or charitable) Trusts
- Constructive Trusts
  - The Fiduciary, the stranger as constructive trustee
- Resulting Trusts
  - Express trust not exhaustive
  - Failure of particular purpose

**(c) Kind of trustees**

- Trustees in general
- The public Trustee/Administrator General
- Trust Corporations.

**(d) Appointment of Trustees**

- Constitution and devolution of trusteeship
- Appointment of new trustees
  - Vesting trust property in new trustees
- Death, retirement and removal of trustees

**(e) Rights of Trustees Disabilities of Trustees**

**(f) The Trust Estate**

- Title of the Trustee
  - Extent of the estate taken by the trustee
  - Character in which property is taken
  - Possession and incidents
- Transmission on death or bankruptcy

**(g) Beneficiaries under the Trust**

- Estate of beneficiaries
- Capital and Income

**(h) Termination of the Trust**

**(i) Duties and Discretions of Trustees**

- Knowledge and control of trust affairs and property
- Fidelity and prudence
- Duty as to the investment of trust

**(j) Powers of Trustees**

- Exercise of powers
- Power to invest
- Power to insure
- Maintenance and Advancement

**(k) Intervention by the Court**

- Determination of specific questions, and variations of trusts
- Administration and enforcement of Trusts by the court

**(l) Breach of Trust**

- The breach of trust and persons liable
- Extent of liability for breach of trust
- Remedies and penalties
- Relief from Liability for Breach of Trust

**B. THE LAW OF SETTLEMENTS**

**(a) Nature and Purpose of Settlements**

- Nature and purpose of settlements
- The Strict Settlement
- Comparison with the Trust for Sale
- Methods of settling land
- Fiscal consequences of settlements
- Contracts to settle property on marriage
- Covenants for settlement of after-acquired property
- Duration and determination of settlements

**(b) Settlements of Land under the Settled Land Act 1882**

- Settlements and Trusts for Sale within the Act
- Vesting deeds and trust instruments
- Beneficial interest
- Settled Land Act Trustees
- The Estate Owner
  - Characteristics of statutory powers
  - Power to effect improvements
  - Powers in respect of capital money
  - Dealings between tenant for life and estate

**(c) Settlements of Land on Trust for Sale**

- Creation of Trusts for Sale
- Trustees for sale

**(d) Settlements of Personality**

- Creation of Trusts for Sale
- Trustees for Sale
- Trusts in default of issue
  - Life interests, Trusts for issue

**(e) Capital and Income**

- Income and Capital receipts
- Adjustments of burdens between capital and income
- Adjustment of losses between tenant for life and remainderman

**(f) Waste**

- Meaning of Waste
- Responsibility and liability for Waste

**C. ADMINISTRATION OF ESTATES**

**(a) Wills**

- Testamentary Freedom
- Nature of a Will
- The formalities of a Will
- Operation of Wills
- Construction of Wills
- The Wills of Inheritance Act (cap 10:02) of the Laws of Malawi

**(b) Executors and Administrators**

- The office of representative
- General duties of Personal Representative
  - Collection and realization of Estate
  - Payment of Debts
  - Distribution of Estate
  - Payment of Legacies
  - Donatios Mortis Causa
- The Executor
  - Appointment of executors
  - Acceptance of the office of the executor
- The Administrator
  - The chain of representation

- The executor de son Tort

### **(c) Estate Duty Affidavit**

- Liability of personal representative to render full account of estate
- Necessity for full disclosure
- Property passing and property deemed to pass
- Property not passing to Personal Representative as such
- Payment of duty
- Lodgement of Affidavit
- Rate(s) of Estate Duty
- Exemptions and allowances
- Certificates of Estate Duty Commissioners.

### **(d) The Grant of Probate or Administration**

- The need for and effect of a grant
- Jurisdiction, practice and procedure in the High Court
- Instruments entitled to probate
- Probate in common form
  - How and by whom obtained
  - Limited probates
- Probate in solemn form
  - When probate in solemn form is necessary
  - Grounds for opposing probate
- General grants of administration
  - Surviving spouse and next of kin
  - Trust corporations and the public trustee
- Special and limited grants of administration

### **(e) Caveats**

- Nature and purpose of caveats
- Who may enter a caveat
- How and where entered
- Effect of entry caveat
- Warning of caveat
- Removal of caveats

### **(f) Recognition and resealing of foreign grants**

### **(g) Revocation of Grants**

- Effect of revocation

### **(h) Devolution on the Representative**

- Property which devolves
- Devolution of trust and mortgage estates
- Devolution of property subject to a general power of appointment
- Devolution of chattels, choses in action and chattels real.

**(l) The Administration of Assets**

- Order of application of assets in administration
- Trusts and powers of the representative

**(j) The Distribution of Assets**

- Legacies and annuities
- Order of application of assets on distribution
- The residuary estate under a will or on intestacy

**(k) Interstate Succession**

- Capacity to take under an intestacy
- Rights of surviving spouse
- Rights of issue under statutory trusts
- Table of distribution on intestacy
- Intestate distribution under the Wills and Inheritance Act (Cap 10:02)
- Administration and distribution by the Administrator General under the Administrator General's Act

**(l) Administration and Determination of Questions by the court**

- General administration, and determination of questions

**(m) Personal Representatives Liabilities**

- Liability for deceased obligation
- Liability for personal representatives' own acts
- Liability for account
- Relief from liability

**(n) Actions by and against Personal Representatives**

- Accrual of causes of action
- Actions against personal representatives

**8.17.4 Recommended readings**

Riddall, John G., (1996), The Law of Trusts, Butterworths, London.  
 Jones, C. (1993), Mellows: The Law of Succession, 5<sup>th</sup> Edition, Butterworths, London.

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