

ISQ Handbook



IBP Superior
Qualification

The Institute of Bankers Pakistan

Vision

“To be the premier financial sector knowledge Institute of international standard and repute”

Mission Statement

“To train and develop a sound human resource base for the financial sector and to work for continuous learning, adaptation and application of knowledge”

Message

I would like to take this opportunity to congratulate you for taking charge of your banking careers and choosing the best program offered across the country in banking studies.

In the recent past the Institute has undertaken a number of strategic initiatives to update its programs and I am pleased to inform you that the ISQ qualification, specifically the Junior Associateship Program has gone through a major overhaul and the new program is now accredited by UK's Chartered Banker Institute.

The banking diploma offered by IBP under the brand of ISQ, is a qualification which has been around for 60 years. I am sure that your decision to pursue the study of this, will add great value to your banking career. The changes made to the program has made it more contemporary and market-based, making it an important element of your professional development.

I wish you the best of luck in your learning endeavours.

Naved Khan

Chairman Academic Board
Institute of Bankers, Pakistan

Message

On behalf of the Chartered Banker Institute, the oldest professional body of bankers in the world, can I wish you the very best of luck with your banking studies.

Banking is an honourable profession that supports individuals and businesses worldwide, helping them achieve their personal and commercial goals. The banking profession is founded on high standards of professional and technical knowledge, which your studies will help you attain. Without these, you cannot become a trusted adviser to individuals and businesses, and you will not achieve your personal goals over the longer-term.

Your banking studies may, at times, be difficult. You may be studying while holding down a demanding job, and there will be many pressures on your time. If your studies were easy, though, they would not be as worthwhile. And I can assure you that your studies with the Institute of Bankers in Pakistan are very worthwhile indeed.

Simon Thompson

Chief Executive

Chartered Banker Institute

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Introduction

The Institute of Bankers Pakistan (IBP) is Pakistan's only recognized Institute dedicated to providing technical training services for the banking industry in the country. The Institute's mission is to train and develop a sound human resource base for the financial sector and to work for continuous learning and professional development of bankers.

Established in 1951 with the technical support and partnership of the Institute of Bankers (UK), IBP is a not-for-profit entity incorporated under the Companies Ordinance 1984. IBP aims to provide a strong technical training platform for on-going personal growth and a reliable yardstick for assessing the quality and depth of knowledge and skills acquired. The breadth of training, education and professional development programs at the Institute cover all major banking disciplines including: Operations, Branch Banking, Consumer, Credit, Risk, Compliance, Governance, Islamic Banking, SME, Microfinance etc.

The Institute caters to the needs of the industry professionals and its members as well as prospective entrants of the banking industry. IBP also has a vast local touch point with participants, as the Institute delivers programs in nearly all big and small cities of Pakistan regularly. Regionally, IBP has served the markets in Central Asia and Middle East.

The Corporate Structure

IBP is a not-for-profit corporate entity established under Companies Ordinance 1984. All the regulatory conditions and rules prescribed by Securities & Exchange Commission of Pakistan are applicable to IBP.

The Stakeholders

IBP stakeholders includes State Bank of Pakistan, SBP Banking Services Corporation, Commercial Banks, Development Financial Institutions (DFIs), Specialized Institutions, Leasing and other Non-Banking Financial Institutions (NBFIs).

Geographical Reach

The IBP network is spread throughout the country, having 6 local centers (with its head office based in Karachi) and coordinating offices located

in the key cities of Pakistan patronized and supported by State Bank of Pakistan, SBP Banking Services Corporation and other commercial banks.

The Management

The Management of the Institute rests with its Council, who in effect, are the Board of Governors of IBP. The Governor of State Bank of Pakistan is the President of the Institute and the Chairman of the Council.

Scope of Activities

IBP offers a range of products and services which cater to its stakeholders who have diverse needs and varied expectations. These products and services include:

a) Professional Qualification in Banking

Since its inception, the IBP has been offering a professional banking qualification program called the IBP Superior Qualification (ISQ), earlier known as the Banking Diploma Program. Time and again, IBP has updated its banking qualification to make it in line with the needs of the banking industry.

The ISQ program is the only recognized professional qualification for bankers in Pakistan, which is recognized by both, the State Bank of Pakistan as well as the banking and financial services industry. The ISQ examinations are generally held in May and November.

b) Training and Development

Training and development plays an integral role in identifying, building and maintaining a strong workforce. Pakistan's banking industry is exposed to numerous business risks, competitive working environment, fast paced growth, and frequent changes in policies and procedures hence, timely information, application of changes and knowledge sharing is imperative. The IBP offered 439 training programs in 2010, successfully training over 7000 professionals from banks and financial institutions. IBP offers a wide range of training programs that cater to the financial services industry.

Certified, Standardized and Assessment-Based Training Programs

These programs recently came into effect as part of the Institute's initiative to restructure its training design methodology. A standardized list of 8 job families in the commercial banking industry was identified and 38 generic job functions were recognized for the same.

The certification programs have been designed with the latest Instructional System Design Model and the delivery includes presentations, role plays, case studies, exercises and group discussion. All the certification programs are assessment-based therefore written and practical assessments are conducted during the program. The details of the certified programs currently being offered include:

Effective Branch Management (EBM)

EBM is a 72 – hour comprehensive certified program specifically designed for branch managers. The upgraded EBM certified program is designed specifically for today's Branch Managers to assist them in performing their duties and tasks in a more effective manner. IBP engages high profile trainers in order to ensure quality course contents and meaningful interaction with the participants.

Certified Bank Tellers

The Certified Bank Tellers (CBT) program is explicitly designed for bank tellers and operation managers. The program comprises of two Modules: Module one ranges from basic skills such as cash handling and banking law, whereas, Module two covers advance areas such as account operations, clearing, payment systems and scrutiny of local and foreign currencies.

Branch Fraud Risk Management

The Branch Fraud Risk Management (BFRM) program is aimed at addressing the fraud risk training needs of the banks front line staff including officers, operation managers and branch managers. The training program covers the prevalent types of fraud and forgery, early warning signals, handling customers, customer and staff indicators,

market research, scrutiny of documents as well as internal control and compliance.

Branch Fraud Investigation and Reporting

The main focus of Branch Fraud Investigation and Reporting (BFIR) is on the types of fraud and their investigation methodologies, forensics, audit trail scrutiny to recognize key players, investigation reporting as well as highlighting the gaps for fraud deterrence.

Branch Operations Specialist

The Branch Operations Specialist (BOS) program is specifically designed for Branch Banking Officers and Branch Operation Managers. This 3-day certification-based program covers operational aspects of branch banking including account types, financial instruments, remittances, accounting, KYC/AML, ATM, internal control, branch safety and security, ethics and confidentiality and helps the operations staff in understanding and preventing the bank from various risks and developing customers' trust on bank.

KYC-AML Specialist

The KYC-AML Specialist program is a two-day certification-based program which covers in detail all the aspects of customer due diligence and anti-money laundering from the basic to the advanced level. The certification equips candidates with the tools to know and understand the different types of customers, identify early warning signals, gain information about money laundering and its stages, recognize Prudential Regulations, categorize suspicious activities and finally understand transaction monitoring.

Internationally Accredited Programs

In 2010, the Institute partnered with an internationally recognized organization – International Finance Corporation (IFC) to launch the Bank Risk Management Training Workshop in Pakistan. The successful launch of this program prompted the Institute to develop more and more international collaborations going forward. IBP is working towards introducing accredited programs at the Institute in partnership with

established and well-recognized organizations and multilateral agencies. The details of the International Programs currently being offered include:

Bank Risk Management training

The Bank Risk Management Workshop is a three-day intensive program aimed at addressing the risk training needs of CEOs, CFOs, Board of Directors and all staff working in the risk management function of banks. The training program covers a broad range of topics which include articulating the risk management strategy for a bank, setting a banks' risk appetite, defining and identifying the various risks a bank is exposed to, measures to mitigate these risks, etc. The training program also looks at the various types of risks a bank faces in its day-to-day operations and focuses on the need to establish sound and robust risk and governance structures.

Credit Skills Development Program — Exclusive Partnership with Omega Performance

Omega Performance is an international knowledge provider which has since 1976 empowered over 2 million people in over 2,500 financial institutions globally. IBP has partnered with Omega Performance to provide an 18 module based Credit Certification program – Credit Skills Development (CSD) Program. CSD is designed to provide lenders a step wise guide to making sound credit decisions. The program teaches participants data gathering, analysis and credit structuring techniques. The program is designed for both credit and relationship management teams.

Finance of International Trade (FIT) with IFC

In January 2011, IBP successfully launched a four month online training course, Finance of International Trade (FIT), in collaboration with IFC. The FIT Initiative has been established to provide structured training in best practice in International Trade Finance, access to International network of Trade Finance Professionals, ICC Certification (Mentor or Upskill 600), and certification from The Institute of Bankers Pakistan. The participants receive 50 hours of interactive content along with online lectures with global trade finance experts.

The Finance of International Trade (FIT) is comprised of several learning units which include Methods of Payment, Bills of Exchange, Documentary Collections, Documentary Credits, Import Documentary Credits, Bonds & Guarantees, Forfaiting, Factoring, Invoice Discounting, Structured Trade Finance, Export Credit Agencies, Complex Transactions, Warehouse Financing, IFC Global Trade Facilitation Program, and UCP 600 (Mentor or Upskill 600).

Calendar Programs

The Institute of Bankers Pakistan organizes interactive, practical and valuable trainings for banking and finance professionals. These cover a wide range of financial and business management topics which include SBP Guidelines, Asset and Liability Management, Audit, Credit, Corporate Finance, Risk Management, Islamic Banking, Information Technology, Trade Finance, Treasury Management, Customer Services, Communication, Human Resource Management, Microsoft Office among others. The workshops are aimed to polish the skills of professionals in improving their efficiency and productivity as an individual as well as a team. A monthly calendar is available on our website (www.ibp.org.pk).

Customized Programs

IBP designs customized courses tailored to the specific needs and development of financial institutions which have a progressive objective. To fulfill the particular requirements of institutions, the Institute develops exclusive in-house courses that aim to provide maximum value from training through focused and controlled outlines and agenda.

c) MBA Banking Program

IBP in collaboration with 6 Universities/Business schools in the country provides industry specific knowledge and support to their MBA (Banking & Finance) program students. IBP provides applied syllabi to these institutions, which have been developed in consultation with the banks, leading experts, consultants and human resource practitioners. IBP also facilitates internships and trainings in banks through its dedicated resources.

d) Research and Publications

Over the years, IBP has consistently worked towards developing various publications, wherein a team of scholars, subject matter experts, senior bankers and academics are engaged for authoring books, monographs, articles, journals and course reference material. IBP's publications are available at all IBP offices.

Quarterly Journal

The Institute publishes a quarterly journal at the start of each annual quarter titled "Journal of the Institute of Bankers Pakistan". The journal is a collection of articles of professional interest and other information which are useful for the bankers.

Economic Letter

The IBP circulates an Economic Letter which is disseminated on a weekly basis. The letter provides an updated overview of news excerpts from local/international print and electronic media and provides, at a glance, the weekly KIBOR rates, Foreign Exchange rates, KSE 100 index and the gold rate. The Economic Letter is widely circulated to IBP's institutional members and registered professionals.

ISQ Reference Books

IBP publishes reference books for the ISQ candidates for preparation of the ISQ Assessment. The books are available at the head office in Karachi as well as all local centres of IBP.

Bankers' Diary

The IBP has been publishing Bankers' Diary for many decades now. The diary serves as annual encyclopedia of contacts of key personnel in the State Bank of Pakistan, SBP BSC (Banks), Commercial Banks and the Financial Institutions. The diary contains a compilation of foreign exchange conversion rates, foreign exchange regulations, central & provincial government loans, public holidays, national days of foreign countries, list of principal offices of State Bank of Pakistan and scheduled banks. In addition, the diary features key performance indicators of the country's economy and vital information about important international financial institutions.

e) Partnership in Recruitment and Promotion Process

IBP is operating as a key partner in the recruitment and staff promotion process for 21 different banks and financial institutions including State Bank of Pakistan. The Institute conducts written assessments, computer literacy tests, focus group sessions and interviews on behalf of these banks.

Facilities

The Institute has a number of facilities available for rent to the corporate sector. These include:

Jinnah Auditorium — capacity 250 seats

Iqbal Auditorium — capacity 80 seats

3 Seminar Rooms — capacity of over 100 individuals

2 Syndicate Rooms — capacity of over 40 individuals

Computer Lab — capacity of 20 seats

Library

The IBP provides library services and reading room facilities to members of the Institute. The main IBP library is located at the head office in Karachi which consists of over 12,000 books, current periodicals and magazines of domestic and foreign origin. In addition, the library supports an updated record of newspaper clippings and extracts of articles.

Apart from the general library services, IBP also provides a Circulating Library for the benefit of examinees of the ISQ Examinations. Examinees are allowed to borrow the books of the subjects for which they are giving an exam for a maximum period of 3 months at a minimal cost.

IBP Superior Qualification (ISQ)

IBP Superior Qualification (ISQ) is the only recognized professional qualification for bankers in Pakistan, which is recognized by both, the State Bank of Pakistan as well as the banking and financial services industry. The ISQ program is now accredited by UK's Chartered Banker Institute.

ISQ is a professional qualification program which is aimed at empowering the present and potential management-level bankers with the practical knowledge about the banking industry and its functions. ISQ is a three-level, self-study program designed to equip entrants of the banking industry with necessary skills and knowledge to become well-rounded banking professionals. Unlike academic qualifications, the ISQ is both market-based and practical. Through a carefully designed course structure and subject matter, participants are able to accelerate their learning process and acquire the relevant banking knowledge of regulations, products, lending, marketing, operations and management which they would otherwise only acquire informally over an extended period in their professional banking careers.

The Junior Associateship of IBP (JAIBP) portion of the ISQ program has undergone a complete updation, in terms of structure and curriculum, to make it relevant to the current banking industry needs as well as international market practices. The new JAIBP program is effective from the Winter 2011 examination. Candidates who enroll for the ISQ program in July 2011 will start their course of study with the new syllabus offerings. Candidates who had enrolled and appeared for the JAIBP exam prior to July 2011 (mid-stream candidates) will be transitioned to the new program. For relevant details on the transition process, please thoroughly review the section "Transition Process for Mid-stream JAIBP Candidates".

Benefits of the ISQ program

- Internationally recognized portable qualification (accredited by UK's Chartered Banker Institute)
- Cross-functional knowledge
- Flexible to suit working professionals
- Affordable and cost-effective

- Accelerated learning of theory and best practices of banking procedures
- Structured curriculum, linked to banking practices
- Cash rewards from employers
- Accelerated career growth including possible promotions

Junior Associateship of IBP (JAIBP)	Associateship of IBP (AIBP)	Fellowship of IBP (FIBP)
▪ Stage 1 (Four Subjects)	▪ JAIBP	▪ AIBP
▪ Stage 2 (Four Subjects)	▪ 3 years of Total Banking Experience	▪ 5 years Post AIBP Banking Experience
▪ Stage 3 (Three Subjects) Plus one Specialization Subject	▪ 60 Hours CPD ▪ Four Subjects Plus one Specialization Subject	▪ Two Subjects ▪ Specialization Dissertation plus Viva and two published articles (in a reputed journal)

Junior Associateship of IBP (JAIBP)

Keeping in mind the changing needs of the financial sector and the contemporary and emerging practices of the industry, the Institute has revamped the existing JAIBP program in line with international standards. After extensive research and analysis, the Institute took three major initiatives to update the structure of the JAIBP program:

- Updation of the individual course syllabus along with the introduction to new reference books and Syllabus Guides for all compulsory courses of the JAIBP.
- Introduction of Bloom’s Taxonomy for learning domains in the professional banking qualification. The Specific Learning Objectives (SLOs) for every compulsory JAIBP course have been drawn using this methodology.
- Revamping of the Assessment structure in order to align it with other professional qualifications.

The new JAIBP Structure is as follows:

Stage 1

- 1 Business Communication for Financial Services
- 2 Introduction to Financial Systems and Banking Regulations
- 3 Information Technology in Financial Services
- 4 Branch Banking

Stage 2

- 5 Accounting for Financial Services
- 6 Lending: Products, Operations and Risk
- 7 Human Resource Management and Organizational Behavior
- 8 Economics

Stage 3

- 9 Marketing of Financial Services
- 10 Finance of International Trade & Related Treasury Operations
- 11 Management Accounting for Financial Services

Specialization Subjects (Select any One Subject)

Leasing and Micro-Finance

SMEs and Agricultural Finance

Islamic Banking and Finance

Retail and Consumer Banking Operations

The Chartered Banker Institute — Accreditation of ISQ's JAIBP

The UK's Chartered Banker Institute has accredited the Junior Associateship of IBP (JAIBP) portion of the IBP Superior Qualification (ISQ) program.

The UK's Chartered Banker Institute is the oldest banking institute in the world. It develops and promotes professional standards for bankers and provides world class professional qualifications for the financial services industry in the UK and overseas. The Chartered Banker Institute is also the only organization worldwide that can confer Chartered Banker status on its Members and Fellows. Membership of the Chartered Banker Institute

means that one meets the professional standards of excellence, which are recognized and respected all over the world. Being a member of the Chartered Banker Institute is a valuable asset in one's professional career as it provides the worldwide recognition that they deserve and also helps keep them ahead of their peers in the banking and financial services industry.

In addition, membership of the Chartered Banker Institute forms a solid base for a successful career in banking and financial services. Members will benefit from the Chartered Banker Institute's status, confidence and professional standing and in turn be more employable and have better career prospects in the future.

What does the Chartered Banker Institute's accreditation of the JAIBP mean for me?

This accreditation of the JAIBP means that all individuals who successfully complete the JAIBP have the opportunity to receive a portable certification that is internationally recognized through the accreditation by a renowned institution.

Candidates who enroll for the JAIBP program in July 2011:

All JAIBP qualified individuals who enrolled in the ISQ program in July 2011, which is accredited by Chartered Banker Institute, upon completion will receive a joint certification by IBP and the Chartered Banker Institute, and will also be eligible to use the title of the Associate Chartered Banker (through on-going payment of the subscribed fee).

Mid-stream ISQ Candidates:

Mid-stream JAIBP candidates will have to pass a comprehensive examination to fulfill the requirements of the Chartered Banker Institute's accreditation of the JAIBP program, in addition to payment of subscription fee.

The schedule and fee for the comprehensive examination will be announced on the IBP website (www.ibp.org.pk).

Transition Process for Mid-stream JAIBP Candidates

ISQ mid-stream candidates (i.e. those ISQ candidates who enrolled and appeared for the JAIBP exams prior to July 2011 and have not completed their JAIBP as of July 2011). Mid-stream JAIBP candidates are requested to thoroughly review this information provided below.

This section provides mid-stream candidates with the details of the transition process, the impact that the structural changes in the JAIBP program will have on them and how they will be facilitated to complete their JAIBP program under the new structure.

Old Structure

New Structure

Stage 1

Business Communication
for Financial Services *

Business Communication
for Financial Services *

Laws Relating to Financial
Services **

Introduction to Financial Systems
and Banking Regulations **

Accounting for Financial
Services ***

Information Technology in Financial
Services ***

Macro Economics and Financial
System of Pakistan ****

Branch Banking ****

Stage 2

Information Technology in Financial
Services ***

Accounting for Financial Services

Lending Operations and Risk
Management **

Lending: Products, Operations and
Risk Management **

Human Resource Management —
Basic Practices **

Human Resource Management and
Organizational Behavior **

Marketing of Financial Services ***

Economics **

Stage 3

Monetary Economics ** Marketing of Financial Services ***

International Trade Finance & Forex Operations * Finance of International Trade & related Treasury Operations **

Management Accounting for Financial Services * Management Accounting for Financial Services *

* Same as before in terms of sequence

** Expansion in contents

*** Changed the sequence of appearance

**** New or changed course

The structural changes made to the ISQ program are discussed in detail below:

Stage shifts

“Accounting for Financial Services” has been moved from “Stage 1 to Stage 2”

“Information Technology in Financial Services” has been moved from “Stage 2 to Stage 1”

“Marketing of Financial Services” has been moved from “Stage 2 to Stage 3”

Course merger/ restructuring

“Macro Economics and Financial Systems of Pakistan” has been broken into two components:

The first component, namely “Macro Economics” has been merged with “Monetary Economics” and the resultant course has been named “Economics”.

The second component, namely “Financial System of Pakistan” has been merged with “Laws Relating to Financial Services” and the resultant

course has been named “Introduction to Financial Systems & Banking Regulations.”

This means that the Economics syllabus will now cover both macro and monetary economics, whereas Laws relating to Financial Services and Financial system of Pakistan will be covered in the subject namely, “Introduction to Financial Systems & Banking Regulations.”

We have also introduced a new course “Branch Banking” as it is a crucial pillar of the banking sector and requires a dedicated subject for its peculiarities to be addressed in detail.

Impact of Structural Changes on Mid-stream Candidates:

The above-mentioned structural changes of the JAIBP program will impact the mid-stream candidates in several ways. Hence, there is a need to create a ‘bridge’ to help mid-stream candidates who are in the process of completing their course requirements convert to the new JAIBP structure.

The six different ways in which Mid-stream candidates will be affected are as follows:

1. Course Equivalence

The table below details how equivalences for 8 courses (with none or only minor changes) in the existing structure will be handled:

Straight Equivalence

**Subjects based on
Old JAIBP Syllabus**

**Corresponding Equivalent Subjects
In The New JAIBP Syllabus**

Subjects with no structural changes:

If the mid-stream candidate
has passed:

s/he will be exempted from:

Business Communication for
Financial Services

Business Communication for
Financial Services

Accounting for Financial Services	Accounting for Financial Services
Information Technology in Financial Services	Information Technology in Financial Services
Marketing of Financial Services	Marketing of Financial Services
Management Accounting for Financial Services	Management Accounting for Financial Services

Subjects with minor course enhancements:

If the mid-stream candidate has passed:	s/he will be exempted from:
Lending Operations and Risk Management	Lending: Products, Operations and Risk Management
Human Resource Management — Basic Practices	Human Resource Management and Organizational Behavior
International Trade Finance & FOREX Operations	Finance of International Trade & related Treasury Operations

If the mid-stream candidate is yet to pass any of the above subjects, now they will have to pass the equivalent subjects as per the new structure

Equivalence for Restructured/Merged Courses

For the remaining 3 courses in the JAIBP, namely “Laws Relating to Financial Services,” “Macro Economics and Financial System of Pakistan” and “Monetary Economics,” major structural changes have been made. All possible scenarios for mid-stream candidates have been captured in the 6 cases given below.

Case 1

In the old JAIBP structure, if the mid-stream candidate has NOT passed both “Laws Relating to Financial Services” and “Macro Economics and Financial System of Pakistan,” s/he will have to appear in “Introduction to Financial Systems & Banking Regulations.”

Case 2

In the old JAIBP structure, if the mid-stream candidate has passed both “Laws Relating to Financial Services” and “Macro Economics and Financial System of Pakistan,” s/he will be given an exemption in “Introduction to Financial Systems & Banking Regulations” in the new structure.

Case 3

In the old JAIBP structure, if the mid-stream candidate has only passed “Laws Relating to Financial Services,” or has only passed “Macro Economics and Financial System of Pakistan,” s/he will have to appear in “Introduction to Financial Systems & Banking Regulations” as per the new ISQ structure.

Case 4

In the old JAIBP structure, if the mid-stream candidate has only passed “Macro Economics and Financial System of Pakistan” and has not passed “Monetary Economics,” s/he will have to appear in “Economics” as per the new ISQ structure.

Case 5

In the old JAIBP structure, if the mid-stream candidate has passed both “Macro Economics and Financial System of Pakistan” and “Monetary Economics,” s/he will be given an exemption in “Economics” in the new structure.

Case 6

In the old JAIBP structure, if the mid-stream candidate has passed “Laws Relating to Financial Services,” “Macro Economics and Financial System of Pakistan” and “Monetary Economics,” s/he will be given an exemption in “Introduction to Financial Systems & Banking Regulations” and “Economics” in the new structure.

NOTE:

All mid-stream candidates who have more than 4 courses remaining to complete their JAIBP will have to pass an additional “Branch Banking” course.

2. Stage Completion

Three courses have been moved to align the JAIBP courses better with the requirements in the careers of Pakistani bankers. Details are given in the following table:

Course Name	Stage shift
Accounting for Financial Services	Moved down from Stage 1 to Stage 2
Information Technology in Financial Services	Moved up from Stage 2 to Stage 1
Marketing of Financial Services	Moved down from Stage 2 to Stage 3

Details of how different scenarios will be handled are given below:

A stage completed by a candidate as per the earlier course structure will remain complete after these changes take effect. However, such mid-stream candidates will be required to fulfill the stage completion requirements as per the new course structure and pass the remaining courses in the next two attempts (i.e. in Winter 2011 and Summer 2012).

Mid-stream candidates who have started a stage but not yet completed it will now have to fulfill the requirements of stage completion as per the new course structure.

3. Stage commencement eligibility

All mid-stream candidates will have to comply with the requirements to start the next stage as per the new course structure. Specific cases for each stage are given below:

To start Stage 2, mid-stream candidates will have to pass at least two courses of Stage 1 as per the new structure and appear for the remaining courses in Stage 1 in the same session.

To start Stage 3, candidates will have to pass all courses of Stage 1 and at least two courses of Stage 2 as per the new course structure and appear for the remaining courses in Stage 2 in the same session.

4. ISQ Completion for Mid-stream Candidates who have 4 or Less Courses Remaining

All mid-stream candidates who have 4 or less courses remaining for completion of their JAIBP will not have to appear for the additional “Branch Banking” course to complete their JAIBP, provided that they pass

the remaining subjects by Summer 2012. However, such candidates can opt to take the “Branch Banking” course if they so wish.

5. Additional Time Period and Chances Allowed for Mid-stream Candidates

Mid-stream candidates who have to take the additional Branch Banking Course

All mid-stream candidates with 5 or more courses remaining will have to take the additional Branch Banking Course under the new structure and will be allowed 12 chances or a time period of 6 years to fulfill their course requirements for the ISQ program.

Mid-stream candidates who DO NOT take the additional Branch Banking Course

All mid-stream candidates who complete the ISQ program according to the old structure and have 4 or less courses remaining will be allowed 10 chances or a time period of 5 years to fulfill their course requirements for the ISQ program.

6. Award of Associate Chartered Banker title by UK’s Chartered Banker Institute

All mid-stream candidates who wish to acquire the Associate Chartered Banker title by Chartered Banker Institute will be required to appear and pass Comprehensive Test.

Test schedule and details will be available at a later date.

Transition Process for DAIBP Qualified

DAIBP qualified candidates can qualify for the new JAIBP qualification after they obtain the Special Certificate, for which they will be required to pass six subjects as listed below:

- Branch Banking
- Information Technology in Financial Services
- Lending: Products, Operations and Risk Management
- Human Resource Management and Organizational Behaviour
- Marketing of Financial Services
- Management Accounting for Financial Services

Completion of these courses will equate them with to the new JAIBP structure and they will be able to prepare for the Associateship examination.

Eligibility Criteria for the JAIBP program

The entry criterion for the JAIBP program has been revised for candidates enrolling from July 2011 onwards.

JAIBP

JAIBP is open for the following:

Graduates in any discipline with a minimum 2nd Division

AND

Students who are pursuing their degree in a 4-year undergraduate program (post Intermediate/A levels or equivalent) are eligible to enroll for the ISQ program during their 3rd or 4th year of study. Students who are pursuing their degree in a 2-year undergraduate program (post Intermediate/A levels or equivalent) are eligible to enroll for the ISQ program during their final year of study.

Documentation required for students registering in the ISQ program will be attested mark sheet for Intermediate or A levels with a pass grade of 45% and a letter from their academic institution confirming their enrollment in the specified undergraduate program. The award of the completed JAIBP qualification would be subject to the candidate having a graduate degree.

Associateship of IBP (AIBP)

The AIBP enrolment is open to all JAIBP holders who are bankers and also to those JAIBP holders who are no longer with the banking industry.

The Associateship of IBP (AIBP) will be awarded to those who:

- Have minimum 3 years of total banking experience.
- Have a record of Continual Professional Development (CPD) through receiving or imparting training or other knowledge related activities. A minimum of 60 hours CPD is required.
- Have completed 5 additional courses mentioned below:

Core subjects

- Anti Money Laundering Measures and Business Ethics
- Corporate and Banking Law
- Advance Risk Management
- Financial Planning and Budgeting

Specialization subjects

(any one subject to be selected)

- Financial Derivatives
- Project Financing
- Capital Markets
- Strategic Human Resource Management
- An Introduction to Insurance

Those who pass the five subjects and meet all the above mentioned requirements will be awarded Associateship by the Council of the Institute.

Fellowship of IBP

Fellowship of Institute of Bankers Pakistan (FIBP) shall be awarded by the Council to the professionals if they have:

- Associateship of IBP (AIBP) through IBP Superior Qualification (ISQ).
- Minimum 5 years of work experience along with yearly record of continual professional development attained through either imparting or receiving training.
- Passed following two core subjects, submitted Dissertation on the topic approved by IBP Academic Board and defended the dissertation in the viva voce.
 1. Strategic Management in Financial Institutions
 2. Risk Management Systems and Operations
- Contributed at least two articles published in renowned professional journal.

Learning Aids

In order to assist the prospective examinees, IBP publishes reference books for the courses of the program. The reference books can be purchased from the Head Office, Local Centres and the Coordinating Offices. IBP has

also introduced Syllabus Guides for each of the compulsory courses of the JAIBP program. The Syllabus Guides are available on our website: www.ibp.org.pk

Evening Coaching Classes

In order to assist participants for the preparation of the ISQ Examination, IBP conducts evening coaching classes for a 10 to 12 week period. These classes are conducted twice a year, prior to the ISQ examination. A weekly class is conducted for each course over the tenor of the coaching cycle. These Coaching Classes are optional and particularly cater to those candidates who require additional assistance. These classes are available in selected cities. Please log on to our website for more details.

Enrollment Procedures

- Registration Forms are available on our website, at IBP Head Office, Local Centers and Coordinating Offices as well as our website.
- The candidates are required to submit the IBP Registration Form completed along with attested copies of educational documents and computerized national identity card (CNIC) along with two recent photographs. The Form should be accompanied by the prescribed Registration fee and charges, as defined in Fee Schedule on our website (www.ibp.org.pk). The one-time registration fee is subject to change and is charged to new entrants. The enrollment process remains open throughout the year.
- Non-graduate candidates are required to submit a letter from their Academic Institutions confirming their enrollment in the graduating program stated in their Registration Form.
- Employed candidates are required to submit attested copies of their degrees/diplomas/certificates, CNIC and photo identity from their employer.
- Access number shall be allocated by IBP on acceptance of Registration form. This number must be quoted in all correspondence with the Institute. The reply to a communication is likely to be delayed or omitted in case the Access number is not quoted.
- The Institute holds the right to cancel the Registration of any candidate if arrears of fee, charges, penalties, late fee or any other claims are not settled.

Testing Methodology

- Written exams
- 3-hour examination for each subject
- The Assessment Scheme for each subject is available in the specific Syllabus Guides

Fee Structure

- The complete details for the fee structure of the ISQ program is available on our website: www.ibp.org.pk
- Registration and Examination Forms are accepted in-person, as well as via courier at the IBP head office or local centre.
- Fee once paid is non-refundable and it cannot be carried over to the next examination under any circumstances.

Examination Centres

- Examination centres are finalized once the registrations draw to a close. The examinations are generally held at the locations where there is presence of either a State Bank of Pakistan office or any branch of a local commercial bank.
- The candidate is required to mention his current location i.e. the city town in which he is posted / residing in the examination entry form.
- The candidate will be required to appear in the centre set in his city/ town.
- In case of no centre, the candidate may opt to appear from the centre at the nearest
 1. District Headquarter
 2. Divisional Headquarter (in case of the absence of district headquarter)
- IBP makes all possible efforts to locate the centres where candidates are posted. However, if such arrangement is not made due to any reason, IBP will not be responsible for any expense and/or losses incurred by the candidates in this regard.

Change of Examination Centre

- Candidates shall not be allowed to change examination centres without prior approval of IBP management. Examination taken at centres other than those assigned to the candidate shall be cancelled and the

candidate will be disqualified from the subsequent examinations.

- In case of transfer or business trip, application duly certified by employer must be sent to the Institute at least 21 days prior to the commencement of the examination. A fee will be charged for changing the location of the centre.
- In a situation where the candidates are obliged to commute, on short notice, to a different location to perform an official duty will be permitted to change the examination centre to the place where they have been sent to, provided the letter for change of centre is received duly signed by a senior executive or official.
- Candidates working abroad will be allowed to take their examination in Pakistan while on leave provided the Institute receives their applications duly forwarded by their banks at least 21 days prior to the commencement of examination.
- Change of centres is allowed to the candidates who are not working in any financial institutions only in case of their change of residence and or employment, provided their applications duly recommended by the employers or educational institutions are sent to the concerned authority at least 21 days prior to the commencement of examination.
- Any other request will be handled on a case to case basis.

Admit Cards

- Admit cards are generally distributed 10 days prior to the commencement of the examination. In case of non-receipt, candidates are advised to contact the IBP head office immediately. Request for the issuance of duplicate admit cards may be considered on receipt of candidate's application along with two attested photographs and an attested copy of CNIC/ Photo identity. This may also attract an additional fee.
- Candidates are also to required to bring original CNIC or photograph identity documents along with their admit cards. *Candidates without Admit Cards will not be allowed to take the examination.*

Entrance to the Examination Hall

- Candidates are advised to arrive at the exam site at least 45 minutes before the scheduled start time.
- Your admit card and government issued photo ID is required for entry

in the Exam hall.

- No candidate will be allowed into the examination hall after the lapse of half an hour from the exam start time and in the same way a candidate shall NOT be permitted to leave the exam hall before the lapse of half an hour from the exam time.
- We encourage you to visit your exam site prior to exam day to familiarize yourself with how to get there.
- No candidate shall bring any written material, like books and papers in the exam hall. Students are encouraged not to bring any books or reading material or computers and other devices to the exam site as you will not be allowed to bring them inside the premises.
- Use of mobile phones, computer or any other electronic gadget is strictly prohibited inside the examination hall. You may keep your wallet, mobile phone (turned off) and any extra stationery items in a transparent bag underneath the chair or on your desk.

In the Examination Hall

- Candidates must make sure that the exam booklet is signed by the concerned invigilator or the centre superintendent to avoid any confusion or complication regarding the presence of the candidate during the exam.
- You are advised to read the instruction given on the front page of the exam booklet carefully as the instructions may be different for each subject.
- Adhesive seals available with the invigilating staff should be affixed at the proper place on the answer booklets.
- Candidates shall use blue/ black ink for writing their answers. Use of any other ink or pencil for writing answers is not allowed. Non compliance with this instruction will lead to cancellation of the paper.
- All answers must be written in English language only. Answers written in any other language will result in cancellation of the paper.
- Candidates are forbidden to write their names, roll numbers or other particulars in any part of their exam booklet except on the slip provided. Disclosure of identity in any manner is not allowed and is liable to penalty resulting in cancellation of the paper.
- Conversation or any communication between candidates is not

permitted. Non compliance to of this instruction will lead to cancellation of the paper.

- A candidate's conduct must be according to the exams rules of the Institute. Non- compliance to this will lead to cancellation of the paper.
- Candidates are not allowed to write appeals in the answer booklet. Non-compliance to this will lead to cancellation of the paper.

Question-Answer Booklet

Question-Answer Booklet remains the property of the IBP and will not be returned to the candidates.

Substitute Writer

Candidates will not be allowed to have a substitute writer in an examination.

Use of Calculators

Candidates can only use simple calculators. Mathematical tables, slide rules and scientific calculators are not allowed during the examination.

Secrecy Arrangements

- Answer booklets are forwarded to examination superintendents in sealed envelopes which are to be opened in the presence of invigilators and candidates at the time of start of examination. Two candidates, selected randomly by the superintendent, verify by signing the envelope that the seal was intact. The Invigilator will countersign the envelope before opening it.
- The answer booklet does not bear the name of the Institute, subject and date of examination. The superintendent will announce the name of the subject and code number of each paper immediately after the distribution of answer booklets to the candidates. Candidates must ensure that the paper delivered to them is the same in which they intend to appear. Late comers must enquire from the examination superintendent the name of the subject and code number.
- Instructions printed on the answer book must be strictly followed.

Examinee's Attendance

The invigilators will take the signatures of the examinees on the attendance sheet provided to them by the IBP. The candidates will be required to show their admit cards for identity verification after which the invigilators will sign their answer booklets. The invigilator will sign on the top of the slip attached with the answer booklet.

Smoking and Carrying Edibles

Smoking and carrying edibles in the examination hall is strictly prohibited.

Closing Time

- Warning bell will be rung ten minutes before the close of the examination when candidates are expected to revise their work and get the answer booklet ready for submission. During this time, candidates will not be allowed to leave their seats.
- On final bell, the invigilators will collect the answer booklets from the candidates. Candidates shall not leave the examination hall without handing over their answer booklets to the examination superintendent or invigilator.

Grading Plan

- The passing criterion for each subject is 50%.
- In order to earn distinction, the candidates need to score 80% or above.
- The result slip given to the candidates who have failed in any subject will contain a symbol indicating the margin by which they have failed. The explanation of the symbol is as follows:

Symbol	Marks Obtained
Failed (A)	45-49
Failed (B)	38-44
Failed (C)	30-37
Failed (D)	0-29

Time Limit

The new entrant of JAIBP has to pass all the twelve subjects in five years. If the candidate fails to clear any particular stage within due time, he will be required to reappear in all the exams of that stage. The stages that s/he has passed will remain intact. (For Mid-stream candidates, please thoroughly review the section “Transition Process for Mid-stream JAIBP Candidates”).

Communication of Results

- Results of the examination will be communicated to the candidates through result slips that will be mailed to the candidates on their respective postal addresses given on their entry forms (unless there has been change in address and it has been brought in to the Institute’s notice). A list of successful candidates will also be sent to the banks financial institutions for those who are bank employees. Provisional certificates will be issued to the successful candidates which will state the date on which the examination was taken and the number of attempts taken by the candidate to clear the course. The result of successful candidates will also be published on the IBP website.
- Note that the results slips will only mention the status of each examination taken as cleared or failed.
- The Institute reserves the right to correct, modify, alter or change the results in any manner if they are found to be wrongly tabulated or compiled.
- Typographical or computer input error, if any, will not entitle the examinee to interpret the result in his/her favor or claim any benefit from the error. The Institute reserves the right to correct such mistakes as and when they come to notice and no action shall be liable against the Institute.
- The Institute reserves the right to cancel the result of any candidate who is found guilty of using unfair means in the examination even if such use is detected subsequent to the announcement of the results.

Marks Verification

- Any request for re-assessment of the answers shall not be entertained. The IBP has procedures in place to ensure that the marking of

examinations has been fair. The decision of the examiners is final and appeals against published results will not be considered.

- Examinees have an option to have their marks re-totaled. The candidate should submit a request for re-tabulation of the result, written in his/her own handwriting, within 45 days from the date of declaration of result.
- No information, whatsoever, shall be furnished to the candidates in respect of marks obtained in actual.

Punishment of Foul Acts

The Institute shall have the right to disqualify any candidate who, they have a reason to believe, has received or given unfair assistance to any other candidate at the examination. The Institute may:

- Cancel the result of such candidates in a specific or in all the subjects in which they may have appeared; and also
- Expel the candidate from future examinations for a specified period. The decision of the Institute will be final and binding on the candidate.

Notwithstanding the provisions of punishment contained in the foregoing paragraph, the Institute may exercise the right of imposing various penalties, either wholly or partly, upon delinquent candidates who are found guilty of various acts of omission and commission during the examination. The extent of such penalties against punishable foul acts is specified below:

Nature of Foul Acts	Punishment
1. Recovery of written material from the examinees in the examination premises	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent two examinations.

2 (a) Copying from the answer booklets of another examinee detected by the invigilator during examination	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent four examinations. Both the examinees involved shall be liable to the above punishment
2 (b) Copying from books, notes, etc. detected by the invigilator during examination	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent six examinations
2 (c) Collusion reported by examiners	Cancellation of examination in the subject concerned of the said examination
3. Writing answers for other candidates	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination of both the candidates and debarment from appearing in the subsequent six examinations
4. Receiving or providing unfair assistance verbally or in any other manner in the examination premises	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination of the candidates involved and debarment from appearing in the subsequent six examinations

5. Impersonation with or without substituting photograph on the admit card and writing for other candidates	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent ten examinations of both, if they are examinees. If the impersonator is not an examinee and is a bank employee, the matter will be referred to the bank concerned for suitable disciplinary action against him/her
6. Misbehavior with invigilators or any other act of indiscipline in or outside the examination premises	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent six examinations
7. Physical assault and/ or causing injury to the invigilators/ supervising staff/ centre superintendent/ other staff on duty in the examination premises	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent sixteen examinations
8. Tampering with records / willful suppression of facts/submission of false information of material nature detected either before or subsequent to the examination	Cancellation of examination in all the subjects of the said examination and all the subsequent examinations, if taken, and debarment from appearing in the subsequent ten examinations after detection

9. Disclosure of identity in any manner including writing names or roll numbers in the answer books	Cancellation of examination in the subject in which identity is disclosed
10. Making an appeal to the examiner in the answer book	Cancellation of examination in the subject in which appeal is made
11. Unauthorized change of centre	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent one examination
12. Escaping away with the answer booklet	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent eight examinations
13. Exchange of answer booklets	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent four examinations

14. Smuggling in and out of the answer booklet in the original or solved form	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent six examinations
15. Tearing of answer booklet for any reason	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent two examinations
16. Committing fraud/ forgery/ mutilation in the answer booklet and its abetment, collusion, etc.	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent four examinations
17. Disobedience/ violation of orders of the invigilators/ supervisory staff/ centre superintendent	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent four examinations

18. Indulgence and involvement in disturbance/ rioting/ rowdyism/ provocation/ agitation/ walkout/ causing damage to furniture and property in and around the examination premises	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent sixteen examinations of all the candidates involved
19. Possession of fire-arms or anything capable of being used as weapon of offence in or around the examination premises	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent sixteen examinations
20. Any other infringement of rules	Punishment to be awarded according to the nature of infringement
21. Commission of more than one offence in the examination	The period of debarment will be further extended by the period of debarment prescribed for each offence
22. Commission of any of the above mentioned offences for the second time	Expulsion from the entire examination, cancellation of examination in all the subjects of the said examination and debarment from appearing in the subsequent sixteen examinations

Note: The Institute may report the foul act and punishment awarded by it to the employer of the candidate for information purpose and the employer may subsequently to choose take whatever action it may deem fit.

Issuance of Certificates, Memorandum and Junior Associateship Credential

- On completion of examination of all the subjects of Stage I or Stage II, Memorandum signed by the Chairman of Academic Board and the Chief Executive of the Institute of Bankers Pakistan is issued to successful candidates.
- On passing all the subjects, prescribed under old and new syllabus, credentials signed by the President and the Chief Executive of the Institute of Bankers Pakistan are issued to the candidate.
- Candidates securing 80% marks or more in any subject will have their Memoranda/Credentials marked with distinction against the respective subject(s).
- Fee will be charged for the issuance of duplicate/ amended certificate memorandum/ credential.

Syllabus

The syllabus for each of the compulsory JAIBP subjects has been updated to reflect the current banking industry requirements. IBP is now providing all candidates of the JAIBP program with Specific Learning Objectives (SLOs). The SLOs are basically a learning resource or a tool for the candidates, aiding them in studying the most testable course material. The SLO plan is provided in the Syllabus Guides, which are available for each subject in print form as well as on the website. Students are encouraged to read the Syllabus Guides to gain better understanding of the learning requirements of each subject. The SLO plan provided in the Syllabus Guide is indicative and is meant as a study guide. Cognitive levels mentioned are also indicative and students are encouraged to study the subject deeply and beyond the stated cognitive level to enhance their learning. Course outlines for all subjects of the ISQ are included in this book.

Important Note:

The Institute reserves the right to revise its policies, procedures and program structure at any point. Please refer to the Institute's website for latest information. All fees including registration fee for the program and exam enrollment are subject to change. Please refer to the Institute's website: www.ibp.org.pk for the latest fee structure.

SYLLABUS

JAIBP

STAGE 1

Business Communication for Financial Services

1. Overview of Communication in Business

- a. Define communication
- b. Importance of communication
- c. Communication process
- d. Types of communication
- e. Communication barriers
- f. Channels of communication
- g. Communication with specific business audiences
 - Determining target audience
 - Benefits of using audience strategy
 - Impact of language
 - Distinguish between primary and secondary audience
 - Demographics/cultures
 - Self appearance
 - Knowledge of topic
 - Dissemination of information

2. Modes of Communication

Writing

- a. Effective writing
 - Importance and need
 - Grammatically correct English in responding to written communication
 - Words-usage, phrases and idioms
 - Business vocabulary/sentence structure
 - Punctuation
 - Revising and proofreading/editing
 - Structuring documents
 - Language in business communication
 - Formality in business communication
 - Clarity in business communication
- b. Types of Written Communication
 - Proposals and reports
 - Primary and secondary research

- Business letters/messages
 - Routine letters
 - Goodwill messages
 - Fax messages
 - Memorandums
 - Presentations
 - Organization of presentation
 - Use of visual aids
 - E-Mail
 - Use of correct tone
 - Avoiding verbose language
 - Writing for maximum effect - using language checkers
 - Other types of written communication
 - Bulletins
 - Job descriptions
 - Employee manuals
 - Circulars
- c. Factors to consider in written communication
- Persuasive messages
 - Negative messages
 - Use of an active voice and avoiding passiveness in tone
- d. Advantages of written communication

Reading

- a. Understanding how to read business documents
- b. Improving reading skills
- c. Comprehension skills

Speaking

- a. Effective oral communication
 - Interpersonal communication
 - Tone
 - Language
 - Choice of words
 - Participating in a business meeting
 - Essentials of negotiating skill

- Voice control and pronunciation of words
 - Clarity and precision
 - Correct style and vocabulary to suit business situation
- b. Advantages/limitations of oral communication

Listening

- a. How to be a good listener
- b. Concentration and application in listening

Non-verbal communication

- a. Body language
- b. Physical touch
- c. Posture
- d. Facial Expressions
- e. Gestures — 5 components
 - Gestures for presentation and meetings
 - Understanding different gestures in different contexts and cultures

3. Communication Challenges

Typical challenges in businesses communication

- Undeveloped communication skills
- Lack of understanding of interpersonal styles
- Lack of leadership
- Lack of appreciation of differences
- Lack of teamwork
- Cultural differences

Written Challenges

- Understanding business language

Verbal challenges

- Using the correct tone and syntax
- Retention of information

Comprehension challenges

- Introduction to banking and business jargon
- Misinterpretation

Listening challenges

- Understanding native and non-native English speakers
- Difference between listening and hearing
- Effective listening, avoiding miscommunication

4. Legal and Ethical Considerations

- Defamation
- Invasion of privacy
- Misrepresentation and fraud
- Ethical perspectives and their implications for responsible communication
- Use of acceptable/politically correct language

Introduction to Financial Systems and Banking Regulations

1. Overview of the Financial System

- a. Financial system of Pakistan and the role of State Bank of Pakistan (traditional/non-traditional functions)
- b. Components of the financial system
- c. Development and growth of financial and capital markets
- d. Present scenario of the financial system
- e. Regulatory authorities governing the financial and capital markets

2. Structure of The Financial System

Money markets

- a. Introduction and overview of the international money markets
- b. Money markets
- c. Money markets in Pakistan
 - Structure and institutional development
 - Instruments
 - Framework
 - Regulatory authorities and regulations/guidelines governing money market

Mutual funds

- a. Definition
- b. Types of mutual funds internationally and locally
- c. Risks involved
- d. Performance evaluation of mutual funds
- e. SECP regulations for mutual funds

Depositories

- a. Role and functions of a depository
- b. Depository participants, issuers and registrars
- c. Central Depository Company of Pakistan
 - Central Depositories Act, 1997 (Pakistan)
 - Role
 - Functions
 - Stakeholders

Capital markets

- a. Introduction and overview of the international capital markets
- b. Meaning and significance of capital market
- c. Capital markets in Pakistan
- d. Types of markets
 - Primary Market
 - Meaning
 - Significance and scope
 - Developments in primary market
 - Various agencies and institutions involved in primary market
 - Role of intermediaries– merchant bankers, registrars, underwriters, bankers to issue, portfolio managers, debenture trustees
 - Secondary Market
 - Meaning
 - Significance
 - Functions and scope of secondary market
 - Secondary market intermediaries – stock brokers, sub-brokers, advisors, their rules, regulations and code of conduct framed by SECP
 - Stock exchanges
 - i. Functions and significance of stock exchanges
 - ii. Regulatory framework and control
 - iii. Operations of stock exchanges
 - iv. Classification and listing of securities
 - v. Market makers
 - Over the counter market
- e. Market players — investors and companies
- f. Securities laws/ regulatory framework

Non Banking Financial Institutions (NBFI)

- a. Type of NBFIs
- b. Growth and role in the financial sector
- c. Players in Pakistan
 - Types
 - Formation and regulation
 - Role

3. Securities and Exchange Commission of Pakistan (SECP)

- a. Role
- b. SECP Guidelines for Disclosure and Investor Protection
- c. Corporate governance

4. Financial Instruments

Money market instruments

- a. Treasury Bills
- b. Certificates of Deposits
- c. Bankers' Acceptances
- d. Eurodollars
- e. Repos and Reverse Repos
- f. Call Money Market

Capital market instruments

- a. Fixed income instruments
 - Bonds/Sukuk
 - Municipal Bonds
 - Corporate Bonds
 - Term Finance Certificates
 - Asset Backed Securities
 - Treasury Notes
- b. Equity securities
 - Preferred stock
 - Common stock

5. Yields

- a. Importance of interest rates
- b. Properties (functions/features) and pricing of financial assets
- c. Level and structure of interest rates
- d. Forces determining rates
- e. Term structure - the yield curve and its significance
- f. Spot rates and forward rates
- g. Local benchmark rates, KIBOR rates, t-bills
- h. International benchmark rate, LIBOR rates

6. Credit Rating and Risk Evaluation

- a. Concept, scope and significance
- b. Regulatory framework
- c. Credit rating agencies in Pakistan and their process
- d. Rating methodologies for various instruments
- e. Evaluation of risk
- f. Benefit to investors

7. Financial System and Policy

- a. Major functions of financial policy in a developing country
- b. Financial intermediation
- c. Financial disintermediation
- d. Shallow finance
- e. Financial repression
- f. Financial deepening

8. Financial Sector Reforms

- a. Financial sector reforms - importance and scope
- b. De-regulation and liberalization of financial sector
- c. Globalization: integration with world financial sector
- d. Privatization of banking sector
- e. Strengthening of supervisory controls: SBP's role

9. Current Trends in The Financial Industry in Pakistan

- a. Innovation challenges — branchless banking, mobile banking, risk mitigation and BASEL II, BASEL III
- b. Interest-free banking — Islamic Banking
- c. New areas of financing — ex. Microfinance

10. Laws Relating to Financial Systems

Banking laws and regulations

- a. Bank Company Ordinance 1962
- b. Negotiable Instruments Act 1881
- c. State bank of Pakistan Act 1956
- d. Foreign Exchange Manual
- e. Financial Institutions Ordinance 2001
- f. Prudential Regulations

Information Technology in Financial Services

1. Basic Computing Concepts

Basic Computer Terminology

- a. What is a computer?
- b. What is an operating system?
- c. What are application software
- d. What is Data Communication?

2. Information Technology in the Banking Sector

IT systems — an overview

- a. Popular banking packages and software
- b. Evolution of IT systems over the years
- c. Architecture of banking packages and software
 - Desktop systems
 - Word processing
 - Spreadsheet
 - Presentation software
 - Communications systems
 - Email
 - Voice-over-IP (VoIP)
 - Video Conferencing
 - Groupware
 - Instant Messaging

Systems used in Financial Industry

- a. Core Banking systems
- b. IT systems that link the bank with other banks
IBFT, MNET, 1-Link, POS , NIFT, RTGS, SWIFT, etc
- c. Card processing systems
- d. VISA, MasterCard, American Express etc.
- e. Desktop support systems/ customer services systems
- f. MIS applications e.g. Liability Management System, CRM, ERP
- g. VeriSys NADRA database connectivity system (Pakistan's case)

- h. Credit Assessment systems
 - eCIB/ credit bureau check systems (connectivity with State Bank and local data-check companies)
 - Behavioral assessment and Application scoring systems using for credit related decisions
- i. Fraud/ Risk Monitoring system, e.g. AML
- j. Compliance/ Operational Risk systems
- k. Treasury based market system
 - Reuters, Bloomberg, etc

3. Introduction to the Internet

- Basic Concepts
 - a. Evolution and current-day use
 - b. Dynamic Vs Static web pages
 - c. Transactions Vs Information websites
- Impact on business
- Internet tools
 - a. Search engines
 - b. Online tools
 - c. E-commerce and online trading
- Social media

4. Introduction to Networking

- Basic Concepts
 - a. Branch connection with central servers
 - b. Online branch banking – bank’s own branch connectivity
 - c. Issues in online branch banking connectivity
- Networking Trends

5. Technology Based Distribution Channels / Networks in Financial Industry

- a. Phone Banking/ Call Center
- b. Mobile banking
- c. Internet banking
- d. ATM
- e. POS

- f. CDM — Cash Deposit Machines
- g. Email/ SMS notifications

6. Emerging Technology Trends in Financial Sector

- a. Contact less payment solutions
- b. Branch less banking
- c. Micro payment solutions
- d. Open Source software (alternatives to Microsoft and other propriety products)
- e. Image based cheque processing system
- f. Biometric ATMs
- g. Stored Value cards, e.g. Watan cards

7. IT Policy in Financial Institutions

- Developing an organization-wide IT policy
 - a. Key components
 - b. Do's and don't
 - c. User restrictions
 - d. Scheduled back-ups / auto-archiving
 - e. Antivirus safeguards
 - f. Data confidentiality

8. IT Vendor Services

- Outsourcing and In sourcing
- Managed Services

9. IT Security and Risk Mitigation

- Basic principles
 - a. Key concepts
 - b. Authenticity
 - c. Banking security standards
 - d. Risk of password sharing
- Mitigation controls
 - a. Administrative
 - b. Logical
 - c. Physical

- Security processes and management
 - a. Security governance
 - b. Incident response
 - c. Risk management and IT auditing
- Business continuity
 - a. Disaster recovery planning
- Professionalism and ethical standards
- IT audit framework/ standardization
- International certifications in IT security
- International standards of IT security
- SBP IT Audit

10. IT laws in Pakistan/ Regulatory Framework

- ETO — Electronic Transactions Ordinance
- Cyber Crime Ordinance
- Emerging card global standards, e.g. EMV and PCI/ DSS
- State Bank penalties against non-compliance

Introduction to Branch Banking

1. Introduction to Branch Banking

- Branch — importance and role in commercial banking
- Branch staff — roles and responsibilities
- Historical background of branch and commercial banking in Pakistan

2. Services and Products

- Types of accounts
- Account services
- Categories of customers- legal entities of customer types
- Conventional banking products
- Concept of retail banking
- Loan products in retail banking
- Remittances
- Lockers

3. Banker's Role

Banker — Customer deposit banking relationship

- Definition of the term "Customer"
- Definition of the term "Banker"
- Functions of the "Banker"
- The special nature of the Banker – Customer Relationship
- Special features of the contractual relationship
- Obligations of bankers and customers
- Rights of the banker in relation to operation of customer accounts
- Business activities of commercial banks as envisaged by the law
- Termination of the relationship
- Circumstances permitting termination of the relationship
- Obligations of bankers before and upon terminating the relationship

Banker's Duty of Confidentiality; Fiduciary Responsibility — Legal and Practical Aspects

- The meaning of bank's secrecy
- Commercial and ethical aspects
- Relation to customers' interest and stakeholders
- Within the branch secrecy and out of the branch secrecy
- Common law duty of confidentiality
- Statutory duty of confidentiality
- Legal implications of breach of statutory duty
- The general rule (no disclosure)
 - Exceptions to the general rule (permitted disclosure)
- Banker's reference
- Disclosure to personal representative of deceased customer
- Interbank disclosure on suspended/cancelled credit cards
- Disclosure by local subsidiary bank to local parent bank

4. Account Relationship Establishment – Legal and Operational Aspects

- Solicited and walk-in customer types — the difference between the two
- Establishing customer credentials — the need for KYC and KYC regulations
- Obtaining introduction – who are the preferred introducers
- Obtaining bank references – need for informal inquiries
- Essential legal documentation for opening current and accounts of the various legal entities
- Authorized signatories for business entity accounts
- Appointment of authorized signatories in limited liability entities and valid evidence thereof
- Handling of issues arising out of
 - Mandate
 - Power of attorney
 - Appropriation of payment
 - Clayton's case
 - Bank's obligation of maintaining secrecy
 - Bank's right of set off
 - Bank's right of lien

- Handling of customer's account upon customer's
 - Minor
 - Death
 - Lunacy
 - Insolvency

5. Negotiable Instruments and Endorsements

- Essential elements of Negotiable Instruments
- Types of Negotiable Instruments
 - a. Bills of Exchange
 - b. Promissory Note
 - c. Cheque
 - Parties to a cheque
 - Basic attributes of a cheque
 - Distinction between a cheque and a bill
 - Responsibilities of collecting banker
 - Responsibilities of paying bank
 - Payment in due course
 - Payment of cheques
 - i. Procedure for payment of cheques and transfer payments against written instructions
 - ii. Cheque scrutiny – critical features of a cheque
 - iii. Errors that render the cheque invalid for payment
 - iv. Signature verification
 - v. Conditions and procedure for returning (dishonoring) cheques
 - vi. Application of the pertinent reason for return of a cheque
 - vii. Legal implications of wrongful dishonor of cheques and need for prior customer inter-face
 - Crossing
 - Clearing Services
 - i. Clearing services offered by banks
 - ii. Role of SBP in clearing
 - iii. NIFT's role in clearing system

- Endorsements
 - a. Classification
 - b. Principles of endorsement
 - c. Specimen of endorsements made by different type of payees
 - d. Liability of endorser
- Collection Services
 - a. Inward/outward collection
 - b. Local and foreign collection (clean)
 - c. Correspondent bank as a settlement network
 - d. Concepts of nostro and vostro account

6. Payment Methods

- Bankers Cheques
 - a. Pay Orders
 - Secured and guaranteed means of payment
 - Procedure for issue of pay orders and accounting treatment
 - Risk mitigation measures
 - b. Demand Drafts
 - Procedure for issue of demand drafts and accounting treatment
 - The role of agency arrangements
 - Legal position of the paying office
 - Risk mitigation measures
- Local correspondent arrangements
- Foreign payment arrangements — Correspondent banking and risk aspects
 - a. Correspondent banking arrangements with banks
- Outward Foreign Collections
 - a. Definition of a “Clean Foreign Bill”
 - b. Selecting the collecting bank
 - c. Lodgment of cheques and bills in outward collection
 - d. Legal obligations of the collecting office – with reference to laws on re-claiming payments against defective cheques
- Dealing in Travelers’ Cheques
 - a. What are Travelers’ cheques (TC)?

7. Control Policies and Compliance- KYC and AML

- Internal control and compliance in banking operations
- Compliance as a collective responsibility
 - a. Why necessary
 - b. As an obligation and ethical duty
 - c. Role of management in inculcating the sense of responsibility
 - d. Overall significance of compliance
 - e. Critical Areas of Compliance
 - Account opening and subsequent relationship management
 - Observance of safeguards against money laundering
 - Internal safety and security
 - Internal and regulatory reporting
 - f. Money Laundering
 - Definition of Money Laundering
 - Circumstances and conditions that encourage Money Laundering
 - Early warning signals
 - State Bank of Pakistan regulations on AML
 - g. Fraud & forgery

8. Cash Management

- Maintenance of cash at branch level
- Limits of cash assigned by head office and insurance limit
- Surrender of surplus cash to head office
- Requisition of cash in case of shortage
- Sorting, soiled notes etc.

9. Alternate Delivery Channels

- ATM
- E-Banking/ Internet banking
- Mobile banking/ SMS banking
- Phone banking

SYLLABUS

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STAGE 2

Accounting for Financial Services

1. The Basics of Business Accounting

- Accounting — definition and core concepts
- Business transactions and its classifications
- Accounting and its functional objectives
- The business entity concept and how it differs from legal entity concept
- Business activities:
 - Operating
 - Investing
 - Financing activities
- The basic accounting equation
- Introduction to Generally Accepted Accounting Principles (GAAP) and International Accounting Standards (IFRS)
- Introduction to financial statements
 - Balance Sheet
 - Income Statement
 - Cash Flow Statement
 - Comprehensive Income statement
 - Change in equity statement
- Elements of financial statements and their classifications
- How financial statements for banks are different than those of companies
- Financial statements and business decisions
- Tangible and Intangible assets
- Accounting for consolidation

2. Accounting for Financial Institutions

- Banking assets and liabilities
- Banking revenue and expenditure items
- Contingent and off balance sheet items
- Capital requirements for commercial banks

3. Accounting Data Processing

- Trial Balance, format and uses
- The need for adjusting accounts
- Time period concepts and revenue recognition principles
- Major types of adjusting entries
 - Accruals
 - Prepayments
 - Advance receipts and payments
- Major types of adjusting entries
 - Merchandise inventories
 - Bad debts
 - Depreciation and amortization
- Adjusted trial balance
- Preparing financial statements from adjusted trial balance
- Introduction to worksheet
- Closing process through “expense and revenue summary account”
- Post closing trial balance
 - Contents
 - Uses

4. Receivables

- Creation of accounts receivable
- Collection of receivable
- Valuation of account
- Estimation of bad debts
- Aging of accounts receivable
- Writing off and recoveries
- Notes receivables
- Presentation on financial statements

5. Provisioning Process

- Importance

6. Accounting for Fixed Assets

- Acquisition of fixed assets
- Depreciation methods and their effects on financial statements
- Intangibles and natural resources – simple accounting appreciation
- Typical issues related to tangible and intangible fixed assets
- Revaluations in fixed assets

7. Understanding Financial Statements

- Profit and loss statement
- Balance sheet
- Cash flow statement
- Statement of equity
- Critical elements to ascertain health of the enterprises
- Understanding notes attached to financial statements

8. Investments

- Accounting classifications
 - Held for Trading
 - Available for Sale
 - Held Till Maturity
- Standards relating to accounting classifications
- Balance sheet presentation and treatment
- Income statement presentation and treatment

9. Analysis of Financial Statement

- Horizontal and vertical analysis
- Financial ratios including cash flow ratios (Bank financial statement analysis)
- Interpretations and applications of financial ratios in banking decisions

Lending: Products, Operations and Risk Management

1. Lending — A Core Banking Practice/ Function

- Role of bankers as lenders
- Building a disciplined lending culture
- Cash flow lending as opposed to security-base lending

2. Lending Products

Categories of borrowers

- Corporate Borrowers
 - Type of products
 - a. Short-term Lending- Working Capital Financing
 - Running Finance — Advanced Merchandise/Demand Finance*
 - Receivable Financing- Factoring, Invoice Discounting*
 - Inventory Financing*
 - Trade Finance (L/c)*
 - b. Long-term Lending
 - Term Loan*
 - Trade Finance (L/c)*
- Purpose of borrowing
 - Working capital- financing of business cycle-receivables, inventory
 - New ventures and business expansion
- Classification
 - Secured, unsecured/clean, asset-backed
 - Funded and non-funded facilities/direct and contingent
 - Size-Corporate, Commercial, SME

Individuals/ Consumers

- Type of products
 - Overdrafts, loans, revolving credit
 - Credit Cards
 - Leasing
 - Mortgage

- Purpose of borrowing
 - Personal use- running finance
 - Property
 - Automobile
- Classification
 - Secured, unsecured/clean, asset-backed

Regulations and Practices

- Relevant SBP laws for lending including: lending limits, exposure calculation, disclosure and reporting requirements
- Prevalent market practices and bank policies with respect to lending products

Pricing

- Calculation of pool rates and internal cost of funds
- Structuring floating mark-up rates and their impact during change of interest rates
- The basis for floating mark-up rates using:
 - Karachi Inter-bank Offer Rates (KIBOR),
 - SBP Discount Rate and
 - PIB Rates matching the facility tenor
- Bank's spread over cost of deposits relating to customer and transaction risks
- Methods and frequency of mark-up recovery and their impact on income recognition

3. Lending Risk Assessment and Management

- Overview
 - Fundamental concept of Risk Management
 - Risk and the economic environment
 - Corporate governance and organizational structure
 - External reporting
- Sources of lending risk
 - Obligor Risk
 - Obligor Business and industry risk – cycles, price trends of raw materials, price trends of competition products

- Transaction failure risk
- Other risks — political, economic, market, liquidity, foreign exchange, interest rate risk
- Risk Assessment
 - Financial analysis
 - Market check
 - Market research
 - Compliance with regulation requirement
 - Customer Integrity and capability
- Risk Management
 - Credit Policy
 - Delinquency portfolio – trends and control measures
 - Collection and Recovery – strategies and methods
- Types of collateral
 - Stated and implied lien over customer’s assets
 - Hypothecation
 - Assignment of receivables
 - Pledge of paper securities
 - Pledge of goods
- Mortgage of immovable assets

4. Documentation and Collateral

- Different types of financing agreements
 - Project financing
 - Account receivable financing
 - Lease financing
- Types of collateral documentation
 - Hypothecation agreement
 - Lien agreement
 - Pledge agreement
 - Standby letter of credit
- Safe-keeping of borrower/customer documentation
 - In-house arrangements and its modus operandi
 - Ex-house arrangements and its modus operandi
 - Arrangements for storage of documents and the system for recording

- Procedures to be followed for depositing and retrieving documents
- Bank's risk under various types of collateral
- Monitoring of charge/margin
 - Appointment and role of Muccudums
 - Obligations of the custodial services under the arrangement
 - Monitoring Guarantees- issuer's status, guarantee validity, conditions for claims
 - Monitoring of Insurance Policies- issuer's status, policy validity, conditions for claims
 - Monitoring of Immovable Assets
 - Monitoring of stock reports and valuation
 - Proper system and credible sources for monitoring prices of financed assets and collateral

5. Management of Credit

- Facility account monitoring
 - Frequency of peak/low facility utilization, swing in account balances
 - Frequency of irregularities in facility accounts
 - Difficulties in operating within present limits
 - Meeting facility turnover requirement and quantum of business booked
- Facility monitoring systems
 - Significance and use of reports on activity in facility account
 - Due date diaries for retrieval of due amounts or settlement of facilities

6. Past Due Accounts

- Classification
 - Basis for classification/classification triggers
 - Action steps based on classification level
- Past-due account management
 - Activating remedial action
 - Customer contact modes depending on severity of failure in meeting commitments

- Determining net exposure and status of financed assets and collateral
- Reporting defaults for in-house remedial action i.e. fulfillment of any inter-bank commitments that cannot be met any longer from borrower's repayment
- Rescheduling and restructuring of borrower accounts
- Loan loss provisioning

Human Resource Management and Organizational Behavior

1. Introduction to HRM

- a. The HRM framework
- b. Role of HRM in financial institutions
- c. Global view of HRM

2. Functions of HRM

- a. Conducting job analysis
- b. Selecting job candidates
- c. Orienting and training new employees
- d. Managing Wages and Salaries
- e. Providing Incentives and benefits
- f. Appraising performance and communicating (interviewing, counseling, disciplining)
- g. Training and developing
- h. Building employee commitment
- i. Equal opportunity and affirmative action
- j. Employee health and safety
- k. Grievances and labor relations

3. The HRM Strategy

- a. Planning and budgeting
- b. The demand for human resources
- c. The supply of human resources
- d. Setting the budget

4. The HRM Processes Preparation and Selection

- Job analysis and design
 - Collection of job analysis information
 - Applications of job analysis information
 - Overview of job design
 - Behavioral and efficiency tradeoffs
 - Techniques of job redesign
 - Job description

- Recruitment
 - The process — attracting, screening, and selecting qualified people
 - Channels of recruitment
 - Challenges and constraints
- Selection
 - Inputs and challenges to selection
- Selection:
 - Preliminary Screening
 - Employment Tests
 - Interview
 - References and background checks
 - Supervisory interview
 - Realistic job preview
 - Medical evaluation
 - Final Hiring

Development and Evaluation

- Orientation and placement
 - Placement obstacles to productivity
 - Orientation programs
 - Employee placement
 - Separation
 - Issues in placement
- Performance Appraisal
 - Elements of the performance appraisal system
 - Performance appraisal challenges
 - Past-oriented appraisal methods
 - Future-oriented appraisals
 - Implications of the appraisal process
 - Feedback for the human resource function
- Career Planning/Succession Planning
 - Career planning and employee needs
 - Human resource departments and career planning
 - Career development
- Compensation

- Compensation Management
 - a. Objectives of compensation management
 - b. Job analysis
 - c. Job evaluations
 - d. Wage and salary surveys
 - e. Pricing jobs
 - f. Challenges affecting compensation
- Incentives and gain sharing
 - a. Incentives and gain sharing Issues
 - b. Incentive systems
 - c. Gain sharing approaches

Protection

- Documentation and contractual obligations of employer and employee
- Employment policies and contracts

Employee Relations and Assessment

- Employee relations challenges
- Union-management relations

Employee Skill Management

- Employee skill enhancement analysis
- Training and development
 - Steps to training and development
 - Training and development approaches
 - Evaluation of training and development

Payroll Management

5. HRM Challenges

- Managing workplace diversity
- Organizing talent strategically
- Motivational approaches

6. Business Ethics and Organizational Code of Conduct

- What are business ethics?
- Scope and application
- Organizational code of conduct

7. Organization Behavior Concepts

- Meaning, purpose and importance of organizational behavior
- Vision, mission and values of an organization and how it impacts the culture
- Elements of organization behavior
- Models of organizational behavior
- Leadership and decision making
- Managing conflicts at work place
- Managing difficult people in the work place

Economics

1. Introduction

- Why study economics
- Basic concepts of microeconomics
- Basic Framework of Macroeconomics
- Macroeconomic - issues, goals and policies
- Macroeconomic methods
- Controversies in modern macroeconomics

2. National Income and Demography

- Economic Models
- Measuring National Product
- Expenditures approach
- Income approach
- Problem in using GNP as a measure of welfare
- Poverty reduction strategy
- Social safety nets
- Lorenz curve and inequitable distribution of income

3. Inflation

- Various types of inflation
- Causes of inflation
- Negative and positive impacts of inflation
- Price Indexes
- Measurement of inflation in Pakistan

4. Unemployment

- Various types of unemployment
- Causes of unemployment
- Okuns' law
- Short run Phillips curve
- Macroeconomic policy and Phillips curve
- The long run Phillips curve

5. Exchange Rate and Trade Balance

- Balance of payment and foreign trade
- Current and capital accounts
- Pakistan's case: Balance of Payment
- Exchange rate systems
- Types of exchange rates
- Monetary policy and exchange rate
- Determination of exchange rate.
- Crucial role of interest rate policy in the coordination of monetary and exchange rate policies.
- Real exchange rate
- Interest rate
- Closed economy and open economy
- Monetary and fiscal policy in fixed and flexible exchange rate regimes
- Pakistan's case: Exchange Rate Policies

6. Money

- Definition and basic functions of money
- Evolution of various forms of money in Pakistan
- Monetary Theories
- Quantity theory of money
- The monetarist approach- liquidity preference theory and portfolio management theory

7. Demand and Supply of Money

- Demand for money in an economy
- Creation of money/credit expansion through banking system
- Composition of M0, M1, M2 and M3
- Components of Reserve Money (M0) and money multiplier
- The behavior of money multiplier and its policy implications

8. Objectives of Monetary Policy

- Price stability through prudent Monetary Policy
 - a. Inflation
 - b. Various price indices

- c. Demand pull
- d. Cost push inflation
- Economic growth and price stability
- Soundness and stability of financial markets

9. Objectives of Fiscal Policy

- Fiscal tools to stabilize the economy
- Crowding out effect
- Discretionary fiscal policy
- Automatic stabilizers
- Fiscal policy instruments that impact the economy

10. Transmission Mechanism of Monetary Policy and The Impact on Banking Sector Credit

- Channels through which monetary policy affects the economy
 - a. Credit channels
 - b. Money or interest rate channel
 - c. Exchange rate channel
 - d. Asset price channel
 - e. Experience of developed and developing countries

11. Central Banking and Monetary Policy Regimes

- Monetary targeting
- Inflation targeting
- Choice of policy anchor
 - a. Volume of money
 - b. Interest rate
 - c. Exchange rate
- A brief over view of monetary policy and central bank in Pakistan

12. Impact of Fiscal and Monetary Policy and Equilibrium

- Fiscal and monetary policy mix
- Impact of fiscal and monetary policy on AD-AS equilibrium
- Short run vs. long run analysis
- A brief on fiscal and monetary policy relationship in Pakistan Economy

13. The World Economy: International Monetary Institutions

- A brief history of International Monetary Institutions
- Objectives of IMF, World Bank, Asian Development Bank and Bank for International Settlement
- The 2008 world debt crisis
- The role of international lenders in debt management and poverty reduction of Pakistan
- Performance criteria of the IMF program

SYLLABUS

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STAGE 3

Introduction to Marketing of Financial Services

1. Introduction

- a. Marketing — meaning and philosophy
- b. Types of Marketing
- c. Marketing Process
- d. Services Marketing
- e. Macro Trends and Opportunities of Pakistan's financial marketing arena

2. Understanding the Market, Identifying Opportunities, And Developing the Marketing Strategy

Consumer Markets and Consumer Buying Behavior

- a. Characteristics affecting consumer behavior
- b. Types of buying decision behavior
- c. The Buyer Decision Process
- d. The Buyer Decision Process for New Banking Products

Business and Corporate Markets and their Buying Behavior

- a. Business and Corporate Markets
- b. Business and Corporate Buying Behavior
- c. Institutional and Government markets

Marketing Research and Information Systems

- a. Marketing research – meaning and key concepts
- b. Different methods and types of marketing research
- c. Application and significance in the financial industry
- d. The Marketing Information System – concepts, uses, analysis, inferences and application
- e. Measuring and monitoring Service Quality
- f. Media Research
- g. Media planning and buying

The Domestic Market

- a. Competitor Analysis / Competition scan
- b. Key features of the Pakistani Society — market intelligence

Developing the Marketing Strategy

- a. Identifying the Target Market
- b. Developing the Positioning Strategy

Competitive Strategies: Building Lifetime Customers

- a. Defining customer value and satisfaction
- b. Customer Relationship Management – concept and strategies
- c. Delivering Customer Value and Satisfaction

3. Developing and Implementing the Marketing Program Product and Services Strategy

- a. What is a product?
- b. Product classification
- c. Individual product decisions

Brand Management

- a. Brand management concepts
- b. Brand strategy
- c. Managing brand equity

Services Marketing

- a. Nature and Characteristics of Services marketing
- b. Consumer Behavior towards Services sector
- c. Customer Expectation of the Services sector
- d. Customer Perception of the Service industry
- e. Strategies for influencing customer perceptions
- f. Service Leadership

New Product Development and Product Life Cycle Strategies

- a. New Product Development Strategy
- b. Product Life Cycle Strategies

Pricing Products and Services

- a. Factors to consider when setting prices
- b. Pricing for financial services
- c. Fee Income and Interest income

Pricing Products and Services; Pricing Strategies

- a. New Product pricing strategies
- b. Product-mix pricing strategies
- c. Price-adjustment pricing
- d. Price changes

Bank's Distribution Network and Alternate Delivery Channels

- a. The nature of distribution channels
- b. The nature of branch behavior and the Bank
- c. Channel design decisions
- d. Channel management decisions
- e. Physical distribution and logistics management
- f. Online Marketing and Electronic Commerce

Integrated Marketing Communication Strategy

- a. The marketing communication mix and the communication process
- b. Setting the total promotional budget mix
- c. The changing face of marketing communication

Advertising, Sales Promotion and Public Relation in Banks

- a. Major decisions in advertising
- b. Sales Promotion
- c. Public Relations
- d. Event management
- e. Brand activation

Personal Selling

- a. Define Personal Selling
- b. Personal selling vs. advertising
- c. Personal selling process
- d. The Role of Personal Selling in
 - Retail Banking
 - Corporate Banking
- e. Managing the Sales Force
- f. Ethical issues in personal selling

Direct/Indirect Marketing

- a. What is Direct/Indirect marketing?
- b. Types of Direct and Indirect marketing communication

Marketing Audit

- a. Importance and need
- b. Four Characteristics
- c. Essential components

Strategic Marketing and Marketing Mix

- a. Strategic marketing
- b. Concept of strategic marketing
- c. Marketing mix
- d. Components of Banks marketing mix

4. The Global Market

- a. Marketing to Pakistani Nationals in Foreign Countries
- b. Global marketing trends – challenges and opportunities

5. Social and Ethical Issues in Marketing

Social Criticism of Marketing

- a. Citizen and Public action to regulate Marketing
- b. Business Action towards Socially Responsible Marketing
- c. Principles for Public Policy towards Marketing
- d. What is PEMRA? Its role in the electronic media regulation?
- e. Pakistan Advertising Society (PAS)
- f. Public Policy and Ethical Issues in direct marketing
 - Office of fair practices
 - Code of advertising practices
 - Competition ordinance

Finance of International Trade and Related Treasury Operations

1. Introduction to International Trade Definition

- What is trade
 - a. Concept of buyer
 - b. Concept of seller
 - c. Market place

Historical perspective

- Important landmark events related to trade

Need for trade and changed profile of markets

- The economic reasons for international trade
- Dependencies and efficiencies created by trade
- Various economic theories related to trade (Mercantilism, Absolute Advantage, Comparative Advantage, Opportunity Cost)
- Balance of Trade and Balance of Payments
- Changed profile of foreign exchange markets (since 2000)
- Growth of multinational companies and its impact on trade practices

2. International Trade

Modes of Trade Settlement

- Open Account
 - a. Definition
 - b. Terms under Open Account
 - c. Advantage to buyer/disadvantage to seller
- Documentary Collections
 - a. Definition
 - b. Types of documentary collections
 - Clean
 - Documentary
 - Documents against payment*
 - Documents against acceptance/bill of exchange*
 - Documents against letter of undertaking*
 - Avalization*

- c. Advantages/disadvantages of different types to seller/ buyer
- Documentary Credits
 - a. Definition
 - b. Parties to Letter of Credit (Issuing Bank, Confirming Bank, if any, Beneficiary)
 - c. Checklist – terms in the Letter of credit
 - d. Fundamentals of documents scrutiny
 - e. Common errors of exporters and importer
 - f. Discrepancies
 - Understanding what can be resolved
 - How to resolve discrepancies
- Advance Payment / Settlement through Escrow Account
 - a. Payment options available to exporter
 - b. Disadvantage/risks for buyer

Forms of documentary credits

- Advance Payment Credits/Red Clause Credits
- Irrevocable and unconfirmed credits
- Revolving Credits
- Transferable credit
- Back-to-back LCs
- Stand-by credit
 - a. Availability of credit
 - b. Available by payment
 - c. Available by deferred payment
 - d. Available by acceptance
 - e. Available by negotiation

Transaction due diligence

- Know your Customer (KYC)
- Know your customer's customer (KYCC)
- Know their "credit" bank
- Know their country
- Understand the trade cycle
- Understand transaction risks
- Understand regulations

- Understand the terms
- Understand the commodity
- Pricing rationale
- Trade-based money laundering
- Scrutinizing the counter-party's credentials

3. International Conventions/ Practices and Documents in International Trade

International Conventions/Practices

- UCP 600
- URDG 758
- URC 522
- URR 725
- Incoterms 2010
- ISBP 681
- ISP 98

Documents involved in Trade Transactions

- Financial documents
 - a. Bill of Exchange (B/E) or Draft
 - b. Promissory Note
- Commercial documents
 - a. Sales Contract
 - b. Pro Forma Invoice
 - c. Commercial Invoice
 - d. Certificate of Origin (CO)
 - e. Shipper's Export Declaration (SED)
- Transport documents
 - a. Bill of Lading
 - b. Air Transport Document
 - c. Combined transport document
- Other documents
 - a. Packing List
 - b. Inspection Certificate
 - c. Insurance Policy/ Certificate
 - d. Product Testing Certificate
 - e. Health Certificate

4. Local Market Regulations and Practices

Overview of local regulations

- Registration (Importers & Exporters) Order, 1993
- Import and Export Control Act, 1950
- Import Policy Order
- Export Policy Order
- Foreign Exchange Regulations Act, 1947
- Foreign Exchange Manual (8th Edition, 2002)
- Circulars – as amended by the State bank of Pakistan
- Prudential Regulations
- Anti Money Laundering Ordinance, 2007
- Anti Money Laundering Rules, 2008
- Bill of Lading Act, 1856
- Contract Act, 1872
- Negotiable Instrument Act, 1881
- Carriage of Goods by Sea Act, 1925
- Customs Act, 1969
- Income Tax Ordinance, 2001

Other regulations

- Export finance scheme
 - a. SBP Export Finance Scheme Part – 1
 - b. SBP Export Finance Scheme Part – 2

5. Role of Banks in Trade

LC advising/ Confirmation/ Transfers and Documentary Collection

- Correspondent bank network
- Credit lines
- Facilitate
 - a. Confirmation of documentary credits
 - b. Examination of documents
 - c. Payment/Negotiation/Discounting
 - d. Routing and settlement of trade transactions
 - e. Dispute Resolution
- Issuance of guarantees and credits
 - a. Types of the bank guarantees
 - b. Evaluation of bank guarantees

- c. Guarantor's liability under the guarantee
- d. Liability of principal or instructing party under their counter guarantee
- e. Commencement of the guarantee
- f. Amendments to the guarantees
- g. Payment of beneficiary claims
- h. Payment of claims under counter- guarantees
- i. Extinguishment of liability under guarantee
- j. Non – payment of claims under guarantees
- k. Expiry of the guarantee
- l. Communication between guarantor, instructing party and the principal
- m. Standby LCs

Trade financing

- Import financing
 - a. Finance against imported merchandise (FIM)
 - b. Foreign currency import facility (FCIF)
 - c. Finance Against Trust Receipts (FATR)
 - d. Structured import finance facilities
 - e. Import Loans (unsecured) – direct credit lines
 - f. Foreign Bill Purchase (FBP)
- Export financing
 - a. Credit facilities extended by
 - SBP
 - Export Refinance Facility Part 1 – 2*
 - Long term Financing – Export Oriented Projects*
 - Locally Manufactured Machinery*
 - Banks and FIs
 - Purchasing and discounting foreign bill*
 - Forfeiting and factoring*
 - Pre-shipment and post-shipment financing*
 - Export/Buyer
 - Usance/Packing credit*
 - Pre-shipment and post-shipment financing*
 - b. Categories of Bank charges

6. International Trade Risks And Its Mitigants

- Market risk
- Cross border/Country/Sovereign risk
- Supply risk
- Counter party risk
- Commercial risk
- Communication/transmission/transportation risk
- Fraud risk
- Forex/Currency risk
- Political risk
- Civil commotion, Acts of terrorism and Force Majeure

7. Role of Treasury in International Trade

- Adequate FX positions
- Forward cover facility for Importer / Exporters
- Market based pricing
- Spot sale for Import payments
- Spot purchase for export receipts
- Up to date Nostros reconciliation
- Prompt facilitation of transactions to & from foreign banks through Nostros/ Vostros

Management Accounting for Financial Services

1. Introduction to Management Accounting

- The scope and purpose of management accounting
- The role of management accounting in management process
- Application of IT in management accounting
- Application of management accounting in service organizations

2. Cost Concepts, Classification and Behaviors

- Cost concepts
- Classification of costs
 - a. Manufacturing & non-manufacturing costs
 - b. Period and product costs
 - c. Controllable and non-controllable costs, sunk cost, differential cost, committed cost, opportunity cost
 - d. Fixed, variable and semi-variable costs.
- Estimation of cost behaviors
 - a. Types of cost behavior patterns, variable costs
 - b. Semi-variable costs and relevant range
 - c. Fixed costs and relevant range
 - d. Mixed cost and its analysis

3. Cost Accumulation and Determination

- Cost accounting cycle
- Accounting and control procedures for raw materials, labor and overhead
- Absorption and marginal costing
- Activity based costing

4. Management Planning: Budget Process

- Understanding the drivers of the bank's budget
- Budget theory
- Budget preparation
- Cost estimation and estimation techniques
- Fixed and Flexible budgeting
- Reporting of actual against budget

5. Control System and Evaluation of Managerial Performance

- Use of budget for performance evaluation
- Principles of standard costing
- Preparation of standard costs
- Variance analysis and investigation
- Cost, profit and investment centre
- Transfer pricing issues
- Responsibility accounting, risk sharing and agency problems
- Gross profit analysis
- System development-design, confidentiality, exception reporting

6. Use of Information in Decision Making

- Cost-volume-profit analysis
- Contribution concept
- Operating and financial leverage
- Breakeven point, profit target, margin of safety
- Limiting factor analysis

7. Operational Areas

- Time value of money
- Evaluation of investment projects; cost of capital, planning for capital expenditure, sensitivity analysis, leasing vs. investment decision, impact of tax and inflation on investment decisions.
- Evaluation techniques:
- Discounted Cash Flows
- Relative Method: P/E, P/B, P/CF, P/Sales

8. Product Profitability

- Cost- plus loan pricing model
- Price leadership model
- Customer profitability analysis
- Pricing customer loans

9. Asset Liability Management

- Asset management strategies

- Liability management strategies
- Funds management strategies
- Interest rate risk
- Components of interest rate
- Determining forces and measurement of Interest rates

10. Determining the Quality of Financial Statements

- Income statement manipulations and detection
- Balance sheet manipulations and detection
- Determining the proportion of accruals in the financial statements
- Determining the sustainable earnings

11. Forecasting Financial Statements

- Designing realistic assumptions
- Forecasting techniques
- Forecasting each account individually
- Incorporating internal and external factors

12. Company Valuations

- Different parameters considered while evaluating a business entity
- Important variables while evaluating a subsidiary or a holding company

Pre-Requisite: Financial Accounting

SYLLABUS

JAIBP

SPECIALIZATION

SUBJECTS

Leasing and Micro Finance

1. Introduction to The Leasing Industry in Pakistan

- Leasing Fundamentals
 - a. Leasing defined
 - b. Types of leases: operating and financial
 - c. Leasing vs. conventional financing
- Macro Analysis
 - a. Rationales, practices, challenges and product-life-cycle of leasing industry
 - b. Market environment
 - c. Introduction to regulatory regimes
 - d. Players, competition and trends
 - e. Analysis of global status and performance
- Sector wise Lease Portfolio Analysis
 - a. Corporate leasing
 - b. Commercial leasing
 - c. Consumer leasing
 - d. Agricultural leasing
 - e. SME and Micro leasing
- Legal and Regulatory Environment
 - a. Primary legal environment: lessor-lessee relationship relevant chapters
 - b. Non Banking Companies Ordinance 2003
 - c. Prudential regulations for Leasing Cos.
 - d. Recovery laws relating to lease financing
 - e. Tax law: covenants and practices

2. Managing Lease Operations

- Lease Agreements
 - a. Operating lease agreements
 - b. Financial lease agreements
- Lease Operations' Profit Function
 - a. Typical asset lease cycle
 - b. Risks in leases: systemic, non systemic
 - c. Lease pricing: rationales, conventions, and methods

- d. Lease product profitability analysis
- Marketing of Lease Products
 - a. Competitive advantages of leasing products viz. bank lending financing
 - b. Customer segmentation and prospecting
 - c. Customer needs and expectations analysis
- Enterprise (Customer) Potentials and Risk Assessment
 - a. Business assessment: Industry SWOT Competition analysis, Suppliers and customer checks, and competitors feedback
 - b. Financial assessment: Historic financial data analysis; Assets conversion cycle analysis, Free cash flows and debt servicing projections; and, Liquidation analysis
 - c. Lease asset: Evaluation of forced sales value, rate of obsolescence, & productivity
 - d. Significance of external agency credit rating/ reputation evaluation
- Lease Structuring Proposal Development, and Sanctioning
 - a. Lease structuring: Determining safe lease exposure, duration and type of agreement – financial, operating, sale and lease back.
 - b. Quantifying the risks factors and calculating the lease transaction price
 - c. Determining down payment, principal and gross recovery periods
 - d. Rental projections: Matching cash flows
 - e. IRR and amortization calculations
 - f. Recommending possible risk mitigates and documentation (agreement) requirements
 - g. Writing summary recommendations
 - h. Considerations in sanctioning of leases
- Lease Disbursement, Accounting and Relationship Management
 - a. Lessor and Lessee reciprocal rights and responsibilities under the law and practices
 - b. Legal agreements and documentation: scope, requirements, critical covenants, and protective clauses
 - c. Procedure for the execution of valid lease agreements and other

- legal documents being part of the basic agreements
- d. Common legal discrepancies in basic agreements and related documents
 - e. Accounting treatment of lease assets under the IAS and local regulations
 - f. Accounting for lease asset depreciation and recovery of rentals under the IAS and local regulations
 - g. Account Monitoring and Classification: Physical inspection of the leased asset, enterprise business, performance and potentials, recovery of rentals

3. Lease Administration

- Capital (Equity) Management
 - a. Role and significance of capital (equity) in managing the balance sheet
 - b. Adequacy requirements for capital
 - c. Sources of mobilizing equity funds
 - d. Managing cost of equity funds
- Liability Management
 - a. Liability instruments and categories
 - b. Funds through various liability instruments
 - c. Managing leverage and cost of the liabilities
 - d. Implications of the matching principle
- Lease Portfolio Management
- Lease portfolio strategies and models
 - a. Portfolio duration and risk management
 - b. Internal vs. External hedging strategies
- Balance Sheet Performance Management Monitoring
 - a. Financial plans and operating budgets
 - b. Critical performance indicators, under Non Banking Finance Companies Rules
 - c. SBP stress testing and rating framework for financial institutions

4. Micro Enterprise Development

- Definition of Micro Enterprise
 - a. Who are the micro entrepreneurs
 - b. Business dynamics of a micro enterprise
 - c. Prospects and challenges for micro enterprises in Pakistani context
 - d. Role of Micro Enterprise in the Socioeconomic Context
 - e. Micro enterprise: A strategy for poverty reduction, socioeconomic empowerment, and gender equality
 - f. Scope of micro enterprises in building sustainable industrial and corporate sectors
 - g. A review of micro enterprise sector performance and impact on Pakistan's GDP, Exports, and Employment
 - h. Comparative analysis of the micro enterprise models and performance in Pakistan viz. International experiences, such as Japan, Singapore, India, Bangladesh, etc

5. Micro Enterprise Financing

- Micro Enterprise Financing Scenario in Pakistan
 - a. Role of financing in sustainable micro enterprise development
 - b. Sources of financing for micro enterprise development: informal money lenders vs. formal sector institutions
- Prospects and limitations in accessing financing from the formal sector
 - a. SBP micro finance institutions regulations
 - b. International micro enterprise financing institutions: performance and impact
- Micro Enterprise Financing Programs and Products
 - a. A review and analysis of formalized micro enterprise financing programs in Pakistan
 - b. Micro enterprise financing by banks and specialized MFIs: manifestations, achievements, and challenges
 - c. Micro Enterprise Leasing as an Alternate: manifestations, achievements, challenges
 - d. Recovery of micro loans: Strategies, prospects, impediments and performance of the formal sector in Pakistan

- Micro Enterprise Financing Administration
 - a. Challenges in attaining sustainability in micro enterprise financing operations
 - b. Managing operational cost of micro enterprise financing operations: volume verses pricing strategies
 - c. Role of international agencies in the micro enterprise financing and leasing initiatives in Pakistan: Institutional capacity building and Funding financing/leasing operations
 - d. Scope of monitoring micro enterprise
- International Micro Enterprise Financing Institutions
 - a. Analysis of the performance, models and programs of international banks and financial institutions engaged in micro enterprise financing
 - b. International best practices in micro enterprise financing

SMEs Agricultural Finance

Agricultural Finance

1. Agriculture in Pakistan

- a. Role of Agricultural Sector in the Economic Development of Pakistan
- b. Problems faced by the Agricultural Sector of Pakistan

2. Agri-business Financial Management

- a. Nature and scope of financial management, managerial goals
- b. Information flows and financial statements
- c. Cost Benefit Analysis of the Agriculture Sector in Pakistan
- d. Input-Output Ratio Analysis in Agriculture Sector of Pakistan
- e. Periodical financial statement, key ratios and break-even analysis
- f. Good Governance in Agri-finance
- g. Analysis & Evaluation of Agriculture and Industrial Inter relationship

3. Financing Agri-business

- a. Short term/ Long term financing
- b. Formulating credit proposal and testing its economic feasibility
- c. Investment analysis; Capital budgeting, Inflation, risk and financial planning
- d. Classification & Provisioning in Agri-Financing/ Agri-Business.
- e. Securities, Collaterals, Sureties
- f. CIB Report, Charge Creation procedure of Revenue office

4. Agricultural Credit Market

- a. Analysis of Credit Estimation by Provincial Governments
- b. Sources of agricultural credit (formal and informal)
- c. Role of NGOs and specialized institutions in agricultural lending
- d. Cooperative financing
- e. Corporate financing
- f. Contract farming Methods & Procedures
- g. Group lending system, Methods & Procedures

5. Agricultural Credit Policy

- a. Role of State Bank of Pakistan in Agricultural financing
- b. Supervised Agricultural Credit Scheme 2001
- c. Mandatory Credit Targets for Banks
- d. Revolving Credit Scheme
- e. Prudential Regulations for Agricultural Credit
- f. Purpose-wise & Province-wise Credit Targets

SME Financing

1. Classification/ Definition of SMEs

2. SME Sector in Pakistan: Present Situation & Future Prospects

3. Challenges Faced by SMEs in Pakistan

- a. Lack of proper infra-structure
- b. Regulatory complexities
- c. Shortage of skilled manpower
- d. Quality control problems
- e. Lack of entrepreneurial expertise
- f. Shortage/ irregular availability of financing facilities
- g. Shortage of equity sources
- h. Inability to meet credit criteria/ credit conditions
- i. Inadequate bargaining skills/ options
- j. Lengthy documentation procedure

4. Why Should Banks Promote SME Financing?

- a. Diversification of the loan portfolio
- b. Boosting the industrialization process
- c. Reducing unemployment
- d. Growth of the export sector
- e. Improving the balance of payment situation
- f. Low loan loss ratio on SME bank deposits/ banking services

5. Preferred Sectors for SME Financing

- a. Export oriented goods and services establishments
- b. Largely using indigenous technology and resources
- c. Choices of sub-sectors within each industry
- d. Up stream/ down stream serving to medium/ larger, cottage/ heritage industry

6. Role of Specialized Institutions for Development of SME in Pakistan

- a. SMEDA
- b. Provincial Small Industries Corporation (PSIC)
- c. SBFC & other DFIs
- d. NGOs

7. Sub-Contracting to/ Through SMEs

- a. Special considerations to evaluate finance proposal of sub contractor
- b. Measures to promote sub-contracting system

8. Organizing a Sustainable Program for SME Financing

- a. Banks to re-focus their financing activities towards the SME sector
- b. Restructuring of lending organization in banks to incorporate SME financing
- c. Making finance available conveniently and speedily

9. Marketing for SME Loans

- a. Reluctance of SMEs seek bank financing despite ability to meet credit criteria
- b. Need for creating awareness of desirability for and availability of financing facilities
- c. Proper packaging & marketing of SME financing proposals & developing SME financing schemes/ products

10. Eligibility and Evaluation Criteria for SME Financing

- a. A comprehensive, yet simple to use, point-score system to evaluate SME track record and the quality of SME financing proposals

- b. Quality of ownership of prospective borrowing entities
- c. Computerized spreadsheet system to calculate and evaluate key financial ratios, market competition, size, scope & potential of product line

11. Elements of Financing Considerations

- a. 5Cs/ 5Ps of credit
- b. Operating ratios, debt/ equity ratios, risk ratios, marketing/ industrial/ business norm ratios and/ or preferred ratios for SME financing
- c. Security collateral coverage, importance of personal guarantees
- d. SBP lending guidelines, prudential regulations

12. Why Monitoring of SME Loans

- a. Relatively informal structure and organization of SMEs
- b. General lack of financial and managerial expertise, record keeping and planning on the part of their owners
- c. Danger/ problem signs/ signals, problem solving/ trouble shooting, cautions & protections

13. Prudential Regulations for SMEs

Islamic Banking and Finance

1. Islamic Banking — Introduction, Background & Global Scenario

- Islamic Shariah
 - a. Shariah: key to understanding Islamic banking
 - b. Resources of Shariah
 - c. The concept of Lawful and unlawful as per Shariah
- Islamic Economic System
 - a. Objectives of Islamic Economics and Finance vs. Capitalism and Socialism
 - b. The Concept of Wealth in Islam
 - c. Objectives of Distribution of Wealth in Islam
 - d. Factors of Production in Islam and their compensations

2. Concept of Riba, Gharar and Qimar and Other Prohibited Activities

- Riba — Quran, Hadith, Definition and Types
- Arguments against commercial interest
- Gharar, Qimar and Gambling

3. Islamic Law of Contract

- Basic Elements of Contract
- Void and Valid Conditions
- Uqood Muawadha and Ghari Muawadha

4. Islamic Law of Sale and Purchase

- Subject matter, Price & Delivery & Possession
- Bai Batil, Bai Fasid, Bai Makrooh
- Prohibited Transactions in Islam
- Khayar, Iqala

5. Comparison of Islamic and Conventional Banking

- Nature of Relationship between Customers and Bank
- Documentation
- Concept of Risk

6. Categories of Islamic Modes

- Trade Based Modes
- Investment Based Modes

7. Rules of Agency Contracts (Al Wakalah)

- Disclosed Agent, Non disclosed Agent
- Wakalatul Istismar Contract (Portfolio Management)
- Differentiate Waadah (unilateral promise), Muawadah (bilateral promise), Aqd (contract)
- Dhamanat
 - a. Guarantee, Mortgage, liquidated Damages, Letter of Guarantee, Collateral
- Murabaha
 - a. Introduction to Murabaha
 - b. Murabaha as a Financing Mode
 - c. Murabaha terminology and its variants
 - d. Characteristics and essentials of Shariah compliant Murabaha
 - e. Practical steps for Murabaha transactions
 - f. Issues and mistakes in Murabaha: Rebate in early payment, penalty on late payment
 - g. Roll over of the transaction etc.
 - h. Difference between Murabaha based financing and conventional bank lending
 - i. Risks for Islamic banks in Murabaha transactions
 - j. Scope and application of Murabaha
 - k. Overview of a Model Agreement of Murabaha and Case Study
- Ijarah
 - a. Basic rules of Ijarah
 - b. Lease as a mode of Islamic financing
 - c. Rights and Obligations of Lessor and Lessee
 - d. Conditions of Ijarah/Lease
 - e. Differentiating Islamic Ijarah from Conventional Leasing
 - f. Overview of a Model Agreement of Ijarah
- Salam
 - a. Salam: Definition and Concept
 - b. Background and purpose of Salam

- c. Rules for Valid Salam Contract
- d. Difference between Salam and Murabaha
- e. Taking delivery of Salam goods
- f. Parallel Salam
- g. Application of Salam and parallel Salam
- h. Risks in Salam application
- i. Penalty for non performance
- j. Scope and Potential Salam
- Istisna
 - a. Concept and definition of Istisna
 - b. Rules for valid Istisna contract
 - c. Payment in Istisna
 - d. Defference between Salam and Istisna
 - e. Parallel Istisna
 - f. Application of Istisna and Parallel Istisna
 - g. Risks associated with Istisna
 - h. Istisna as Mode of Financing
- Shirkah and Musharakah
 - a. Terminology and Characteristics of Musharakah
 - b. Type and Basic Rules of Musharakah
 - c. Termination of Musharakah
 - d. Constructive liquidation Oof Musharakah
 - e. Security/collateral in Musharakah
 - f. Profit/Loss Distribution
 - g. Application of Muharakah as a mode
 - h. Problems and Risks for banks in Musharakah Financing
- Mudarabah
 - a. Mudarabah defined
 - b. Mudarabah Capital
 - c. Profit/Loss distribution
 - d. Unrestricted and Restricted Mudarabah
 - e. Difference between Mudarabah and Musharakah
 - f. Termination of Mudarabah
 - g. Scope of Mudarabha for banking system
 - h. Problems and Risks for Islamic banks providing Mudarabah based financing

- Diminishing Musharakah
 - a. Concept of Diminishing Musharakah
 - b. Basic features of Diminishing Musharakah
 - c. Steps in a Diminishing Musharakah Transaction
 - d. Lease rentals in Diminishing Musharakah
 - e. Unilateral Promise and transfer of ownership title
 - f. Diminishing Musharakah as a financing mode

8. Advance Application of Islamic Mode of Finance

- Deposit (Liability) Management in Islamic Banks
- Trade Finance
- Corporate Finance Transactions with live examples

9. Concept of Takaful (Islamic Insurance)

- Basic concept of Takaful
- How it is different from Insurance
- Models of Takaful

10. Overview of Securitization and Sukuk

- Securitization of Musharakah, Mudarabah & Ijarah
- Liquidity Management through Securitization

11. AAOIFI's Accounting, Auditing and Governance Standards Accounting

- Overview of salient features of Accounting Standards of various modes
- Adaptation of AAOIFI Standards by ICAP

Retail and Consumer Banking Operations

1. Retail Banking — The Core Activity

- a. Regulations prescribing supervision and control of account opening operations
- b. Essential areas of focus in customer service
- c. Systems and procedures

2. Retail Banking Accounts and Relationship Types

- a. Broad customer segments and their expectations
- b. The bank account types and their likely users
- c. Business accounts
- d. Saving accounts
- e. Deposit accounts
- f. Special purpose accounts

3. Retail Banking Services

- a. Payment of cheques
- b. Local payments (Instrument-based payments): Operational aspects and accounting
- c. Inland payments (instrument-based): Operational aspects and accounting
- d. Pay Orders
- e. Clean Collections — an important banking service
- f. Demand Drafts

4. Inland Payments (Instructions-Based): Operational Aspects and Accounting

5. Inland Telegraphic Payments — Legal Position of the Issuing Office

6. Special Issues in Foreign Remittance Arrangements

7. Foreign Payment Arrangements — Correspondent Banking and Risk Aspects

8. Outward Foreign Collections

9. Foreign Demand Drafts

10. Foreign Telegraphic Transfers

11. Marketing Aspects of Foreign Remittance Business

12. SBP Reporting Requirements on Foreign Remittances

13. Dealing in Travelers' Cheques

14. Consumer Banking Products

- a. Broad customer categories — employed and self-employed borrower types
- b. Their age ranges and needs
- c. Within these categories, those needing advice on the appropriate consumer borrowing types
- d. Broad categories of consumer banking services and product types currently on offer
- e. Efficacy of repayment capacity assessment and account activity monitoring systems
- f. Role played by frontline bankers in securely marketing consumer banking services

15. Operational Areas

- a. Regulations prescribing supervision and control of consumer banking operations:
 - Understanding consumer banking relationship, its legal aspects and the obligations of bankers and customers there under
 - Essential conditions for establishing consumer banking relationships and verification of net income
 - Maximum exposure limits and repayment tenors prescribed by SBP for each consumer facility type
 - Asset valuation requirements prescribed by SBP in specific circumstances and the importance of having reliable surveyors on

- the bank's panel
- Customers' status referencing, income verification and verification of existing debt-servicing burden
- b. Essential areas of focus in customer service:
 - Bankers' obligation to explain the crucial features of each financing facility they offer so that the customer has the requisite information to make a rational borrowing decision
 - Array of consumer banking services that commercial banks currently offer and their benefits that accrue to their customers
 - Explanations that customers have the right to demand
 - Fundamental obligations of the bank while providing each of these services
- c. Consumer banking products and services and the relevant marketing/servicing systems and procedures
 - Debit Cards
 - Credit Cards

SYLLABUS

ASSOCIATESHIP

Anti Money Laundering Measures and Business Ethics

1. Definitions

- Money Laundering
- Terrorism Financing
- Relationship with other crimes and world economy

2. Money Laundering

- Methodology
 - Placement
 - Layering
 - Integration
 - Issuance of Cheque
- Sources and Techniques — Crimes and Civil wrongs
 - Nature of crimes
Corruption, Drug Trafficking, Ransom, Counterfeiting, Copy Rights violations, Arms Smuggling, Stock Exchange Frauds, Learning from 79 Federal Violations in USA
 - Nature of Civil Wrongs
Structured Insurance Policies, Letter of Credit, Abuse of Credit Cards, Structured Loans, Under or Over Invoicing, Transit Trade, Free Zone Concessions, Correspondent Banking , Negotiable instruments, Telegraphic Transfers, Off shore transactions
 - Formal Institutions
Off shore or shell Banks, Insurance and Investments Companies, Bureau De Change, Pension Funds, Shell Corporations, Venture Capital, Casinos, Travel Agencies, Real Estate Agents.
 - Informal Institutions
Cash Business and Transactions, Hundi, Hawala, Fin Chin, Peso Exchange System, Antique Dealers, Precious Commodities dealers, Lotteries

3. How The Banks are Abused?

- Review of the accounts with case Studies
- Review of the customers with case studies
- Review of the transactions with case studies
- Case studies of BCCI , Bank of America etc
- Walking Accounts and Numbered Accounts

4. International Initiatives And Relevance With KYC

- Initiatives
 - Concepts and Objectives
 - Bank of International Settlement and Basel Committee
 - UN Convention on Financing of Terrorism 1999
 - UN Convention on Narcotic Drugs 1988
 - OECD Conventions on Corruption and Bribery 1997
 - UN Convention Against Transnational Organized Crimes 2000
 - Financial Action Task Force's Recommendations (1990 and 2001)
- Implications
 - National and International Implications
 - Initiatives by national agencies like State Bank, SECP and National Accountability Bureau
 - Identification, Monitoring, Training, Auditing And Anti Money Laundering Units
 - Reporting to AML units and to Authorities
 - Global co-operation and KYC

5. How to Exercise KYC in Pakistan

- Procedure laid down by Financial Action Task Force
- Procedure laid down by State Bank
- Recommended steps
 - Step One: Policy
 - Step Two: Identification and Record Keeping
 - Step Three: Monitoring
 - Step Four: Reporting
- Evaluation of: Customer related risks, Transaction related risks, Jurisdiction related risks
- Role of AML units and Compliance Officers

Business Ethics

- 1. Ethics and Approaches in Ethics**
- 2. Ethical Power: Purpose, Perspectives, Patience, Persistence, Pride**
- 3. Work Ethics**
 - Mission and Goal related
 - Work related
 - Style related
 - Belief related
- 4. Building Ethical Organization**
 - Organizational Tools to Cultivate ethics
 - Ethical Decision making
- 5. Factors Responsible for Ethical & Moral Erosion**
- 6. Promoting Ethics At Work Place**

Corporate and Banking Law

Corporate Laws

1. Companies Ordinance

Candidates must know the fundamental concept of a corporate entity and limited liability of share holders and Directors of a Company. A general idea of how a company is formed and what are the fundamental provisions of Memorandum of Association of a Company, difference between a Public and Private limited companies, and Listed and unlisted companies, the manner in which a company operates, functions of its Board of Directors, how assets of a company can be sold and mortgaged and need to register charges against the assets of a company are provisions to which candidates must pay special attention and acquire a good knowledge of them. Candidates must also have a general knowledge about shares of a company, how they are issued and transferred, balance sheets of a company, how a company is wound up, and functions of the Security and Exchange Commission of Pakistan.

2. Contract Act

Candidates must have a general over all knowledge of this law. Particularly how a contract is made and what are the essentials of a valid contract. Provisions of this law pertaining to contracts with minors, need to take special care when dealing with illiterate clients and pardah nashin ladies are aspects which should be given special attention. Bankers have to handle considerable guarantee business and the chapter of Contract Act pertaining to Guarantees should be carefully studied. This law also contains a chapter dealing with duties of a bank when acting as a pledge of goods pledged with it which should be specially studied by candidates. The chapter dealing with duties of an Agent should also be carefully studied as banks have to constantly deal with attorneys of their customers.

3. Negotiable Instruments Act

This is a law which affects daily dealings of a Banker and candidates must give special attention to it. The nature of a negotiable instrument, how they are made, endorsed, and accepted are matters which should be carefully studied. Special provisions in this law pertaining to cheques should be thoroughly mastered. How Bills of Exchange are to be presented for payment on maturity, and the procedure to be followed on dishonor of a Bill of Exchange, need to give notice of dishonor, protest for non-payment also need to be studied carefully.

4. Transfer of Property Act

Candidates must acquire a general knowledge of the provisions of this law. The chapter on mortgages need special attention as bankers are faced with problems pertaining to creation and enforcement of mortgages very frequently in their day to day duties. Candidates must also acquire a general knowledge of what points to look for when examining title documents of any property to determine acceptability of such property as security for advance to a customer.

5. Limitation Act

This law has very far reaching consequences on recovery of banks' dues and any slip on the part of a Banker can cause a huge loss to the Bank by the dues becoming irrecoverable. Candidates should have a general knowledge about the period of limitation prescribed under the law for recovery of dues of a bank from its customers. Provisions of the law which provide for exemptions from and extension of limitation under certain circumstances should also be studied.

Banking Laws

1. Banking Companies Ordinance

This is the fundamental law under which all banks exist and operate. As such, candidates are expected to acquire a detailed knowledge of this law.

2. State Bank of Pakistan Act

Candidates must acquire a general knowledge of this law particularly those provisions which give powers to the State Bank to regulate and oversee the working of a Bank.

3. Foreign Exchange Regulation Act And Exchange Control Regulations

Candidates are expected to have a general knowledge of the provisions of this law and regulations particularly those provisions which affect banks operations as an Authorized Dealer.

4. Financial Institutions (Recovery of Finances) Ordinance, 2001

This is the law which makes special provisions for recovery of banks' dues from its customers. Candidates are expected to have a general over all knowledge of this law so that they are familiar with its requirements for initiating legal actions against defaulting customers and ultimate recovery. Provision of this law which enables banks to enforce its mortgages without the intervention of courts must be thoroughly mastered by candidates as they are of utmost importance for ensuring prompt recovery of dues of a bank.

5. Prudential Regulations of State Bank

Candidates must be familiar with these regulations as a banker is expected to know them to be able to ensure that he is able to conduct correctly the business of the bank without committing a breach of any of them.

6. Uniform Customs And Practices For Documentary Credits

This is a very important document and has the force of law. It provides for the manner in which Letter of Credit transactions are handled. Candidates must study these provisions in detail as they will need to be well familiar with them for handling foreign trade business of the bank.

7. Offences in Respect of Banks (Special Courts) Ordinance

Candidates must study in detail the provisions of this law which provide for various offences in respects of dealings between a bank and its customers and also offences committed by bank staff in the course of performance of their duties in the bank.

8. Islamic Banking

Candidates must familiarize themselves with various modes of non-interest based and shariah compliant financing. Candidates should familiarize themselves with various circulars issued by State Bank from time to time prescribing various modes under which banks can provide finance to their customers.

9. Miscellaneous Laws

There is a number of laws e.g. Banks (Nationalization Act, National Bank of Pakistan Act, Agricultural Development Bank, Industrial Development Bank, etc., which affect the operations of individual banks. Although candidates need not study the provisions of these special laws, they must be familiar with their existence so that whenever needed, they should be able to find the relevant provisions.

Advance Risk Management

1. Network

- a. Overall profile of competition faced by the branch
- b. Deposit base, its mix and extent of support to the bank in asset funding and liquidity management
- c. Sale of the bank's range of products and services by the branch
- d. Risk asset base, its mix (legal entity types, facility and transaction types, skill support requirements, impact on bank's capital adequacy)
- e. Net contribution to bank's profitability
- f. Logistics problems (geographical access, connectivity, supervision and control)
- g. Competitive advantage/weakness
- h. Volatility (susceptibility of operations to disruption caused by external factors)

2. Product And Service Range

- a. Developing customers bases in the following market segments
- b. Designing the product or service package
- c. Infrastructure needs

3. Credit, Operational And Market Risks Management Capability

- a. Credit Risk
 - Trend Analyses
 - Changes in borrower psyche
 - Expected loss model
 - Changes in the profile of support services
 - In-house risk assessment capacity
- b. Operational Risk
 - Definitions of operational risk
 - Operational risk management framework
 - Operational controls
 - Self-assessment versus risk assessment

- c. Market Risk
 - Volatility trends
 - Developing trends in BOP and PSBR
 - Trade flows
 - Geopolitical uncertainties and impact on trade flows
 - Development of monopolies, powerful groups in the domestic markets
 - Trends in contract performance ethics
 - Building-in risk factor into lending operations
- d. Liquidity risk

4. Futuristic Skills in The Bank's Human Resource

- a. Human resources
- b. Risk assessment skills
- c. Specialization in financing specific business sectors:
- d. Financial and risk analysis
- e. Specifying risk monitoring requirements
- f. Service delivery skills
- g. Familiarity with service requirements
- h. Familiarity with functioning and capability of delivery systems
- i. System weaknesses and contingency measures
- j. Supervisory skills
- k. New demands created by the variety of services and products on sale
- l. Remedies for the gaps in data processing and reporting system
- m. Bank's compliance needs
- n. Creative skills

5. Information Technology

- a. Future demands
- b. Targets for eliminating manual operations
- c. Risks and issues involved in centralized data processing
- d. Risk involved in software change

6. Sustainability of The Required Level of Skilled Workforce

- a. A rational and clear relationship between employee empowerment, performance support, and actual output to consolidate the credibility of the reward system
- b. Continuously monitor industry averages of compensation for various cadres
- c. Devise career development paths and demonstrate their unambiguous implementation by up-grading all deserving employees
- d. Visibly convey to the employees the bank's commitment to up grade employee skills to improve their ability to contribute and thus move up the line

Financial Planning and Budgeting

1. Introduction to Financial Planning and Control

- a. Elements of financial planning: financial planning process, capital budgeting decisions, degree of financial leverage, dividend policy, and liquidity requirements
- b. Role of financial planning: examine interactions, explore options, identify possible outcomes, and ensuring feasibility and internal coherence
- c. Short term and long term plans
- d. Financial planning models

2. Financial Analysis and Control

- a. Financial ratio analysis
 - Financial statements and their nature
 - Major financial aspects and framework for their analysis
 - Balance sheet ratios, income statement ratios, and trend analysis
 - Common size and index analysis
- b. Cash flow analysis and financial planning
 - Sources and uses of funds/cash flow statement

3. The Planning Function: Budget Process

- a. Strategic plan
- b. Operating plans
- c. Financial plans or budgets
- d. Forecasting techniques
- e. Fundamentals of budgets
- f. Cost estimation and estimation techniques
- g. Preparation of budgets
- h. Cash budget
- i. Income and expense budget
- j. Budgeted balance sheet
- k. Use of Pro forma financial statements
- l. Variance analysis

4. Working Capital Management

- a. Liquidity management
 - Introduction
 - Working capital issues
 - Decision on current asset composition — short term and long term mix
 - Decision on current asset financing
- b. Cash and marketable securities
 - Reasons to hold cash
 - Speeding up cash receipts and slowing down payments
 - E - commerce
 - Optimum cash balance
 - Investment in marketable securities
- c. Account receivables and inventory management
 - Credit and collection policies
 - Analysis of the credit applications
 - Inventory control and management
- d. Short term financing
 - Spontaneous financing
 - Negotiated financing
 - Factoring accounts receivables
 - Composition of short-term financing

5. Valuation: the Basis of Financial Decision Making

- a. Approaches to Valuation
 - Discounted cash flow valuation
 - Relative valuation
- b. Estimation of Discount Rate
 - Cost of equity
 - Weighted average cost of capital
- c. Estimation of cash flows
- d. Fixed-income bond valuation
- e. Preferred and common stock valuation
- f. Valuation of firm

6. Capital Budgeting

- a. Principles of capital budgeting
 - Generation of investment proposals
 - Estimation of the cash flows for the projects
 - Evaluation of cash flows
 - Selection of project based on acceptance criterion
 - Continual reevaluation of investment projects after their acceptance
- b. Risk and Managerial options in capital budgeting
 - Problem of project risk
 - Comparing Net Present Value (NPV) & Internal Rate of Return (IRR)
 - Risk & Investment
 - Total project risk
 - Firm-portfolio approach
 - Managerial options

7. Planning the Investment, Financing and Dividend

- a. Evaluating investment options for risk and return
 - Defining risk and return
 - Measurement of risk through probability distribution
 - Attitude towards risk
 - Diversification and portfolio management
 - The Capital Assets Pricing Model
- b. Cost of capital
 - Cost of individual sources of capital
 - Deriving weighted average cost of capital
- c. Determining the financing mix
 - Required rate of return
 - Operating and financial leverage
 - Making capital structure decision
 - EBIT-EPS analysis
 - Cash flow and ability to service
- d. Dividend policy
 - Procedural aspects of dividend payment
 - Dividend and its impact on firm value

- Stock split and bonus dividend
- Managerial consideration as to dividend policy

8. Financial Models/ Financial Forecasting and Quantitative Methods

- a. Mathematical models
- b. Terminology
- c. Descriptive and prescriptive models
- d. Deterministic and probabilistic models
- e. Computer models

9. Analyzing and Managing Financial Risk

- a. Introduction – the changing financial environment
- b. Types of risks faced by the financial institutions
- c. Risk based analysis
- d. Analytical tools to assess risks
- e. Derivative securities
- f. Hedging risk
- g. Future markets
- h. Forward & Option contracts
- i. Interest rate and currency swaps
- j. Commodity contracts

10. Assets Liability Management (ALM) in Financial Institutions

- a. Introduction
- b. The objectives and role of ALM Committee
- c. Accounting and Economic perspectives on ALM
- d. NIM and its decomposition
- e. The effects of rate, volume and mix on NIM and total revenue
- f. Interest rate sensitivity and GAP management
- g. Duration and value at risk
- h. Implementing ALM and management issues

11. Operational Areas

- a. Formulating effective financial plans in financial institutions for improving performance
- b. Evaluation of financial health and performance of an entity through financial statement analysis and analysis of cash flows
- c. Use of Forecasting techniques in financial planning
- d. Budgeting and preparation of forecasted financial statements
- e. Use of forecasted financial statements as a planning and control tool
- f. Planning and control of working capital and liquidity management
- g. Capital budgeting – Evaluation of investment projects, cost of capital, evaluation techniques, sensitivity analysis, and mitigating the risk
- h. Optimizing the capital structure and dividend decisions
- i. Asset Liability Management in banks and financial institutions

12. Systems & Procedures

Candidates are expected to develop thorough understanding of the basic concepts of financial planning and budgeting and their application in different areas of banking operations. To ensure an effective hands-on understanding of the techniques, procedures, and systems relevant to the course subject case studies and scenario based questions will be incorporated in the examination.

SYLLABUS
ASSOCIATESHIP
SPECIALIZATION
SUBJECTS

Financial Derivatives

1. Introduction

- a. Overview
- b. Financial Derivates
- c. Application of Financial Derivatives
- d. The Concept of Arbitrage
- e. Exchange-traded (standardized)
- f. Forwards
- g. Futures
- h. Over-the-counter (customized)
- i. Forwards
- j. Swaps
- k. Options

2. Understanding Interest Rates

- a. Types of rates
- b. Measuring Interest Rates
- c. Zero Rates
- d. Determining Treasury Zero Rate
- e. Duration and Convexity
- f. Term Structure of Interest Rates
- g. Yield Curve

3. Futures

- a. General
 - Futures Markets
 - Exchanges and Types of Futures
 - Purpose of Futures Markets
 - Market Concerns
 - The basis and spreads
 - Models of Future Prices
 - Future Prices and Risk A version
 - Characteristics of Future Prices

- b. Using Futures Markets
 - Prices Discover
 - Speculation and Speculative profits
 - Hedging

4. Options

- a. General
 - Overview
 - Options Markets
 - American & European Options
 - Purpose of Options
 - Market Mechanics
- b. Option Payoffs and Option Strategies
 - Overview
 - Stocks & Bonds
 - Options Notations
 - European and American Options at Exiry
 - Buy or Sell a Call Option
 - Buy or Sell a Put Option
 - Moneyness
 - Combining Options
- c. Pricing Module
- d. European Options
 - Single-Period Binomial Model
 - Multi-Period Binomial Model
 - Stock Price Movement
 - Black-Scholes Option Pricing Model
 - Inputs for the Black-Scholes Model
 - Tests of the Option Pricing Model
- e. American Options
 - American versus European Option
 - Pseudo-American Call Option
 - Exact American Call Option
 - Analytical Approximations
 - Binomial Model and American Option Prices

5. Forward

- a. Forward Pricing
- b. Valuing Forward Contract
- c. Forward Prices vs Future Prices
- d. Cost of Carry
- e. Forward Money Market
- f. Forward Rate Agreement (FRA)
- g. Valuing FRAs
- h. Uses of FRAs

6. Swaps

- a. Mechanics of Interest rate swaps (IRS)
- b. Day count
- c. Comparative advantage
- d. Nature of IRS
- e. Valuation of IRS
- f. Currency Swaps
- g. Valuation of currency swaps

7. Derivatives in Pakistan's Market

- a. SBP Guidelines
- b. Problems of Pakistan Market
- c. Important Advises to Users

8. Important Terms to Remember

Project Financing

1. Financing Criteria

- a. Selection of Sponsors
- b. Sponsors' Stake
- c. Selection of Industry Group
- d. Selection of Projects
- e. Exposure Limits

2. Project Cycle

- a. Project Identification
- b. Evaluation
- c. Appraisal
- d. Approval
- e. Implementation

3. Management Aspects

- a. Credit Worthiness and Management Capabilities
- b. Sponsors' Background, Educational Qualifications, Previous Experience (Technical and Managerial)
- c. Performance of Allied Concerns
- d. Credit Reports and Business Reputation
- e. Technical Manpower Availability and Training of Personnel
- f. Sound Internal Controls
- g. Organizational Chart
- h. Key Personnel

4. Market and Demand Aspects

- a. Demand and Supply Analysis
- b. Determinants of Demand
- c. Market Considerations, Trends, Business Environment, and Market Segments
- d. Nature of Competition and Availability of Substitutes
- e. Consumption Growth
- f. Collection of Secondary Information and Conduct of Market Surveys
- g. Demand Forecasting

- h. Quantitative Methods
- i. Time Series
- j. Causal Methods
- k. Demand and Supply Projections
- l. Marketing Strategy, Organizational Structure
- m. Pricing
- n. Distribution
- o. Promotion
- p. Service

5. Technical Aspects

- a. Material Inputs and Utilities
- b. Manufacturing Process and Technology
 - Choice
 - Acquisition
 - Appropriate Product Mix
- c. Plant Capacity
 - Technological Requirements
 - Investment Cost
 - Resources of the Sponsors
 - Government Policy
- d. Location and Site
 - Proximity to Raw Materials and Markets
 - Availability of Infrastructure
- e. Construction Plan and Specifications
 - Site Preparation and Development
 - Building and Infrastructures
 - Outdoor Works
- f. Engineering and Construction Schedules
 - Project Chart and Layouts
 - Environmental Considerations
 - Manpower

6. Implementation Scheduling Indicating

Various Implementation Stages Such as Negotiations and Contracting, Project Formulation, Actual Construction, Erection, Trial Runs and Commissioning

7. Financial Aspects

Capital Cost Estimates; Major Heads Such as:

- Land and Site Development
- Building and Civil Works
- Engineering and Construction
- Imported and Locally Manufactured Equipments
- Erection and Installations
- Foreign Technicians and Training Abroad
- Preliminary and Capital Issue Expenses
- Pre-operating Expenses
- Furniture & Fixture
- Contingencies
- Working Capital at Startup
- Product Cost, Overheads, Cost of Distributing and Selling Prices
- Profitability
- Projected Financial Statements
- Cost Break-Even Analysis
- Sensitivity Analysis
- Pay Back Period
- Average Weighted Cost of Capital
- Internal Rate of Return and Internal Economic Rate of Return
- Foreign Exchange Earnings and DRC
- Job Creation
- Backward and Forward Linkages, and Externalities
- Development of Backward Areas
- Income Distribution

8. Sources of Finance

- a. Sponsors and their Foreign Partners
- b. National/ International Development Financial Institutions
- c. Commercial Banks
- d. Euro-Currency Markets
- e. Leasing
- f. Consortium/ Syndicate Financing
- g. Supplier Credit
- h. Public Floatation

9. Documentation and Disbursement of Funds

- a. Loan and Financing Agreements
- b. Guarantees
- c. Securities And Charge Creation
- d. Disbursement of Funds

10. Project Monitoring and Supervision

- a. Need for Monitoring during Construction, Implementation and Operations
 - Time Parameters
 - Cost Parameters
 - Physical Quantities and Qualities of Project
 - Organization and Staffing
 - M.I.S.
- b. Techniques of Project Supervision;
 - Personal Links
 - Plant Visits
 - Follow-up and Progress Reports
 - Appointment of Institutional Directors
 - Industrial Surveys

11. Deviations From Approved Project Parameters

- a. Time Over-Runs
- b. Cost Over-Runs
- c. Irregularities by Sponsors
- d. Change in Duty Structure
- e. Role of Early Warning Signals

12. Recovery From NPLs

- a. Provisioning and Classification of Loans
- b. Rescheduling, Restructuring and Write Off
- c. Institution of Legal Proceedings
- d. Out-of-Court Settlement
- e. C.I.R.C.

Capital Markets

1. Capital Markets and Role of Participants in Development of Capital Markets

- a. Capital Markets and Economic Development
- b. Regulators, financial institutions, accountants/auditors, government
- c. Issuers of securities in capital markets: private and public-sector companies; local and multinational companies
- d. Investors in capital markets: individuals and institutional players
- e. Professionals: brokers, dealers, underwriters, merchant and investment bankers, securities lawyers
- f. Financial intermediaries: commercial banks, merchant banks, mutual funds, insurance companies

2. Legal and Regulatory Framework

- a. Reasons behind the Regulations
- b. The Regulations for Commercial Banks relating to Investment activities.
- c. Government Regulations: securities exchange commissions, central banks, ministries of finance, registrar of companies affecting the Capital Market.
- d. Stock Exchange: rules and regulations, self or external regulation, membership and listing standards.
- e. Regulations of Securities Markets (SECP/Government Regulations, Self Regulations and Circuit Breakers, Insider Trading)
- f. Income Tax Regulations

3. Overview of Financial Markets and Investments

- a. Financial Assets: (Issuers (borrowers) and investors (lenders); Debt versus Equity claims)
- b. Financial Markets: (Classification and Functions of Financial Markets, Globalization of Financial Markets)
- c. Money Market Instruments (Treasury Bills, Certificates of Deposits, Bankers' Acceptances, Eurodollars, Repos and Reverse Repos, Call Money Market etc.)

- d. Capital Market Instruments
- e. Fixed Income Instruments (Treasury Notes and Bonds, Municipal Bonds, Corporate Bonds, Term Finance Certificates, Asset Backed Securities etc.)
- f. Equity Securities (Preferred Stocks, Common Stocks)
- g. Derivative Markets (Introduction only)
- h. Worlds' Leading Stocks and Bonds markets

4. Capital Markets in Pakistan

- a. Development of Financial/ Capital Market in Pakistan
- b. Institutional Players and Their Role in Development of Capital Market in Pakistan (ICP, NIT, Commercial Banks)
- c. Role of SBP/ SECP/ Stock Exchanges and GOP in Development of Capital Market (Rules, Regulations, GOP Policies of Deregulation, Privatization etc.)
- d. Bond Market (Corporate Bonds, TFCs,, PIBs)
- e. Mutual Funds
- f. Karachi/ Lahore/ Islamabad Stock Exchanges and Equity Market

5. Primary and Secondary Markets and Trading Mechanics

- a. How Firms Issue Securities; Role of Investment Bankers, Underwriting, Shelf registration, Primary Market and IPOs.
- b. Where Securities Are Traded; The Secondary Market, OTC Market, Third and Fourth Markets, Trading on Stock Exchange (The Participants, Types of Orders, Settlements, Carry Over Transactions Cash Finance System/ Trading on Margin etc.)
- c. Trading Costs
- d. Short Sales (with special reference to local Regulations)

6. Mutual Funds & Other Investment Companies

- a. Investment Companies and Their Types (Unit Investment Trusts, Managed Investment Companies)
- b. Mutual Funds and Their Types (Open-end and Closed-end Funds, Costs of Investing in Mutual Funds i.e. Fee Structure and Fees and Mutual Funds Returns, Taxation of Mutual Funds Income)

7. Interest Rates in the Financial System

- a. Definition of Interest Rates and Their Role in the Economy
- b. Theories of Interest Rates (Classical Theory, The Liquidity Preference Theory, The Loanable Funds Theory, The Rational Expectations Theory, Demand for and supply of funds under these theories)

8. Relationship between Interest Rates and Security Prices

- a. Measurement of Interest Rates, Basis Points, Security Prices
- b. Real and Nominal Rates of Interest, The Equilibrium Real Rate of Interest
- c. Measures of the Rate of Return or Yield on a Security or Loan (Coupon Rate, One Holding-Period Yield and Their Calculation, Yield Price Relationship)
- d. Method of Interest Rates Charged by Institutional Lenders (Simple Interest Method, Add-On Rate of Interest, Discount Method, Annual Percentage Rate, Compound Interest Rates, The Annual Percentage Yield)

9. Default Risk and Other Factors Affecting Interest Rates

- a. Marketability and Liquidity of Securities
- b. Default Risk and Interest Rates
- c. Call Privileges (Calculating Yield, Advantages/disadvantages of Call Privilege etc.)
- d. Prepayment Risk and Interest Rates on Loan Backed Securities
- e. Convertible Securities

10. Risk and Return Analysis

- a. Definition of Risk and Return (One Holding period Return, Multiple-periods Return)
- b. Measures of Risk and Return (Variance, Standard Deviation, Weighted Average Rate of Return, Geometric Rate of Return etc.)
- c. Selecting Individual Securities for Investment (Coefficient of Variance)

11. Portfolio Analysis and Risk Aversion

- a. Asset Risk Versus Portfolio Risk
- b. Systematic and Firm-Specific Risk
- c. Diversification and Portfolio Risk
- d. Diversification Strategies (simple, Across Industries, Superfluous, Markowitz Diversification etc.)
- e. Two Asst Portfolio's Risk and Return Analysis
- f. Asset Allocation with Stocks, Bonds and T-Bills
- g. Asset Allocation and Security Selection

12. Equilibrium in Capital Markets

- a. The Capital Asset Pricing Model and Its Application
- b. Arbitrage Pricing Theory
- c. Market Efficiency (Efficient Market Hypothesis)

13. Valuation of Fixed Income Securities

- a. Characteristics of Various Bond Types i.e. T-Bonds and Notes, Corporate Bonds, Preferred Stocks, International Bonds, TFCs.
- b. Determining Intrinsic Value (Price/ Value) of Bonds
- c. Default Risk and Price of Bonds
- d. Bond Yields (Yield to maturity, Current Yield and Capital Gain Yield, Yield to Call, Yield to Maturity and Default Risk)
- e. Bond Prices Over time
- f. Return of Zero Coupon Bonds
- g. Managing Interest Rate Risk with Bonds (Interest Rate Sensitivity, Duration)

14. Equity Valuation

- a. Balance Sheet Methods (Book Value, Liquidation Value, Replacement Value)
- b. Intrinsic Value versus Market Price
- c. Dividend Discount Models (Zero-Growth Stocks, Constant-Growth Stocks, Non-Constant-Growth Stocks)
- d. Price-Earnings Ratio (P/E Ratio and Growth Opportunities, P/E ratio and Stock Risk, Pitfalls in P/E Analysis)

15. Options Markets and Valuation

- a. Definition of Options
- b. Types of Options (American versus European Options, Call Vs Put Options)
- c. The Put-Call Parity Relationship
- d. Option like Securities (Callable Bonds, Convertible Securities, Warrants)
- e. Option Valuation (Intrinsic and Time Value, Black-Scholes Model)

16. Futures Markets

- a. Futures versus Forward Contracts (Definition, Contents of Futures Contracts)
- b. Mechanics of Trading in Futures Markets (The Clearinghouse and Open Interest, Marking to Market and the Margin Account, Cash versus Actual Delivery)
- c. Futures Markets Strategies (Hedging and Speculation, Basis Risk and Hedging)
- d. The Determination of Futures Prices
- e. Forwards versus Futures Pricing
- f. Foreign Exchange Futures
- g. Interest Rate Futures

Strategic Human Resource Management

Conceptual Understanding

1. HRM Roles, Functions and Strategies

- a. Role of HR functions
- b. Role of HR practitioner
- c. Professionalism of HRM
- d. Ethical Considerations
- e. Concept of Strategy
- f. Strategic HRM defined
- g. Aims of Strategic HRM

Operations Area

1. Organizational Strategy, Structure, Culture and Policy

- a. Approaches to Strategic HRM
- b. SHRM & Business Strategy
- c. SHRM Strategy, Structure, Culture and Policy
- d. Organizational Culture and HRM
- e. HRM Structures and Policy
- f. The Formulation of HR Strategies
- g. The Strategic Fit
- h. Strategic HRM Models

2. Organization, Jobs and Roles

- a. Organization Design — Aims & Resources
- b. Conducting Organization Reviews
- c. Organization Analysis & Diagnostics
- d. Organization Planning
- e. Responsibility for Organization Design

3. Organizational Development, Change & Transformation

- a. Organizational Development — Defined
- b. Change Management
- c. Organizational Transformation
- d. Development & Change Process

Systems And Procedures

1. HR Planning

- a. Role and need for HR Planning
- b. Objectives of HR Planning
- c. HR Planning Process
- d. Forecasting HR Requirements
- e. HRP & Strategic Organizational Planning
- f. Economic and Market Factors
- g. Government & Industrial Relations Changes

2. HR Information Management System

- a. Need of HRIMS
- b. Nature and Benefits of HRIMS
- c. Types of HRIMS Data
- d. Strategic HR Planning & HRIMS
- e. Productive HRIMS

3. Employee Resourcing

- a. Human Capital – Definition and Theory
- b. Intellectual Capital

4. Talent Management

- a. Concept Defined
- b. Talent Management Processes
- c. Being an Employer of Choice
- d. Attraction and Retention Strategies
- e. Reward Strategy
- f. Succession Planning Strategy
- g. Talent Audits

5. Competency Based HRM

- a. Concept & Definition
- b. Different Types of Competencies
- c. Coverage & Content of Competency Frameworks
- d. Developing a Behavioral Competency Network

- e. Developing Technical/Functional Competency Network
- f. Applications of Competency Framework

6. Jobs and Roles

- a. Jobs and Roles Analysis
- b. Skills Analysis
- c. Competency Analysis
- d. Jobs Design and Enrichment
- e. Jobs Design Strategies
- f. Job Descriptions
- g. Job Specifications

7. Staffing Strategies

- a. Strategic Recruitment Perspective
- b. Recruiting from within
- c. Recruiting Outside the Organization
- d. Outsourcing

8. Employees Selection

- a. Pre-Employment Screening
- b. Matching People and Jobs
- c. Employment Tests
- d. Employment Interview
- e. Selection Decisions

9. Training

- a. Orientation
- b. Training and Development Programs
- c. Principles of Learning
- d. Trends in Training
- e. E-Learning

10. Career Development & Management

- a. Strategic Perspective
- b. Process of Career Management
- c. Career Planning

- d. Career Development Program
- e. Determination of Individual Development Needs
- f. Personal Career Development
- g. Performance & Potential Assessments

11. Performance Management

- a. Performance Appraisal Programs
- b. Performance Appraisal Methods
- c. Appraisal Interviews
- d. Enhancing Performance
- e. Employee Counseling
- f. Employee Discipline

12. Rewards Management

- a. Strategic Aims of Reward Policies
- b. Reward Strategy
- c. Components of Reward Management
- d. Factors affecting Pay Levels

13. Compensation Management

- a. Strategic Aims
- b. Concept of Market Rate
- c. Required Management & Data Analysis
- d. Job Matching
- e. Criteria for Grade and Pay Structure
- f. Pay for Performance Strategies
- g. Employee Benefits, Pension and Allowances

14. Conclusion — The Future of SHRM

- a. The future workplace
- b. SHRM in the future
- c. SHRM practice in the future



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