



# **INTRODUCTION TO BANKING AND FINANCIAL MANAGEMENT**

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

## **UNIT SPECIFICATION**

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## Unit Title

Introduction to Banking and Financial Management

## Credit value

The credit value for this unit is 30

30 credits equivalent to 300 hours of teaching and learning  
(10 hours is equivalent to 1 credit)

Guided learning hours (GLH) = 50 hours

GLH includes lectures, tutorials and supervised study. This may vary to suit the needs and requirements of the learner and/or the approved centre of study.

Directed learning = 50 hours: This includes advance reading and preparation, group study, and undertaking research tasks.

Self-managed learning = 200 hours: This includes completing assignments and working through the core and additional reading texts. It also includes personal research reading via other physical and/or electronic resources.



<p>4.0 Understand business success in relation to customer proposition</p>	<p>3.4 Examine how a business is financed through loan or equity (or share capital)</p> <p>4.1 Explore the criteria for having a superior customer proposition</p> <p>4.2 Evaluate the relationship between having a superior customer proposition and strategic success</p> <p>4.3 Examine the fundamental business model (according to Tennent 2008)</p>
<p>5.0 Understand how to calculate and interpret the weighted average cost of capital (WACC)</p>	<p>5.1 Explain what is meant by weighted average cost of capital (WACC)</p> <p>5.2 Calculate the WACC of firm and interpret the outcome</p> <p>5.3 Evaluate the relationship between ROI and WACC</p>
<p>6.0 Understand the nature of financial reporting and management reporting</p>	<p>6.1 Explain what is meant by:</p> <ul style="list-style-type: none"> <li>a. Financial reporting</li> <li>b. Management reporting</li> </ul> <p>6.1.1 Differentiate between management reporting and financial reporting</p> <p>6.1.2 Explore the contribution of management and financial reporting to organizational success</p>
<p>7.0 Understand why knowledge of financial management is important to managers</p>	<p>7.1 Discuss why non-financial managers require knowledge of financial management</p> <p>7.2 Examine the roles of the financial department in an organization</p> <p>7.2.1 Evaluate the contribution of a non-financial manager to</p>

<p>8.0 Understand the nature of a firm's goal and responsibilities</p>	<p>achieving the objectives of the financial department</p> <p>8.1 Give an account on value creation</p> <p>8.2 Compare profit maximization to wealth maximization</p> <p>8.3 Give an account on the agency theory and discuss the problems that arise when ownership of a firm is separated from its management</p> <p>8.3.1 Discuss how the problems associated with agency issues can be effectively managed</p>
<p>9.0 Understand the nature and relevance of corporate social responsibility</p>	<p>9.1 Explain what is meant by corporate social responsibility (CSR)</p> <p>9.1.1 Give a detailed account on corporate social responsibility</p> <p>9.2 Examine the relationship between CSR and business ethics</p> <p>9.3 Examine the dimensions of corporate social responsibility</p> <p>9.4 Examine who stakeholders are and discuss their role in the financial system</p> <p>9.5 Explain what is meant by sustainability in financial management</p>
<p>10.0 Understand the nature of corporate governance</p>	<p>10.1 Explain what is meant by corporate governance</p> <p>10.2 Examine the contribution of corporate governance to effective organizational management and strategic success</p> <p>10.3 Analyse the Sarbanes Oxley Act (SOX) of 2002 with respect to:</p> <ul style="list-style-type: none"> <li>a. History</li> <li>b. Applicability</li> <li>c. Benefits to firms and investors</li> </ul>

<p>11.0 Understand the organization of the financial management function</p>	<p>11.1 Analyse the relationship between the following:</p> <ol style="list-style-type: none"> <li>a. Board of directors</li> <li>b. President (Chief Executive Officer)</li> <li>c. Executive vice president(s): <ul style="list-style-type: none"> <li>- For operations</li> <li>- For marketing</li> <li>- For finance (Chief financial officer)</li> </ul> </li> <li>d. Vice presidents(s): <ul style="list-style-type: none"> <li>- Treasurer</li> <li>- Controller</li> </ul> </li> </ol> <p>11.2 Discuss the roles of the treasurer and the controller</p>
<p>12.0 Understand the nature of the banking and financial services industry</p>	<p>12.1 Define what is meant by a bank</p> <p>12.2 Distinguish between the different types of banks (e.g. commercial banks, international banks, minority banks, fringe banks, industrial banks, community banks, investment banks, wholesale banks, retail banks, national banks, cooperative banks, mortgage banks, merchant banks, universal banks)</p> <p>12.3 Examine the roles of the financial system</p> <p>12.4 Examine the leading competitors with banks</p> <p>12.5 Analyse the trends affecting all financial services firms (e.g. service proliferation, rising competition, government deregulation, technological change and automation, consolidation and geographic expansion, convergence, globalization)</p>
<p>13.0 Understand the roles banks play in the economy</p>	<p>13.1 Discuss the roles of banks and other financial service firms in the economy (e.g. intermediation role, payment role, guarantor role, risk</p>

<p>14.0 Understand the nature and significance of treasury management</p>	<p>management role, investment banking role, savings/investment advisor role, safekeeping role, agency role, policy role)  13.2 Examine the services banks and other financial service firms have been offering in the past century</p> <p>14.1 Explain the meaning of treasury management  14.1.1 Examine the activities involved in treasury management (such as collections, disbursements, investments, funding activities, financial risk management)  14.2 Discuss the functions of treasury management (such as maintaining liquidity, minimizing currency risk (financial risk management), providing quick finance  14.3 Examine the departments that may exist under a bank's treasury:</p> <ul style="list-style-type: none"> <li>- Capital markets or equities department</li> <li>- Money markets/fixed income department</li> <li>- Foreign exchange department</li> </ul>
<p>15.0 Understand the nature and importance of central banking</p>	<p>15.1 Examine the roles of the central bank in the financial sector :</p> <ul style="list-style-type: none"> <li>- Manages the nation's supply of money/monetary policy</li> <li>- Acts as a lender of last resort to the banking sector during financial crisis</li> <li>- Serves as the Government's banker</li> <li>- Acts as a supervisory authority in the financial sector</li> <li>- Sets reserve requirements</li> <li>- Issues currencies</li> </ul> <p>15.1.2 Explore the degree independence of the central bank in his/her</p>

<p>16.0 Understand key issues relating to offshore banking</p>	<p>home country with respect to operations, legal status, management and goal</p> <p>15.2 Examine the importance of the monetary policy set by the central bank:</p> <p>15.2.1 Explain what is meant by a monetary policy</p> <p>15.2.2 Analyse the goals of a monetary policy (such as price stability, economic growth, interest rate stability, financial market stability, foreign exchange market stability)</p> <p>15.2.3 Give an account on the policy instruments that may be used by a central bank (such as capital requirements, interest rates, reserve requirements, open market operations, exchange requirements, margin requirements)</p> <p>16.1 Describe the nature of offshore banking</p> <p>16.1.1 Examine the characteristics of an offshore bank</p> <p>16.2 Analyse the reasons why individuals and organizations use offshore banking (e.g. greater privacy, lower or no taxation benefits, easier accessibility to deposits, protection against local political or financial instability in home country)</p> <p>16.3 Examine negative issues that may be associated with offshore banking (e.g. offshore banking in the past have been associated with organized crime and underground economy through money laundering, criticised for being used by terrorist organizations around the world therefore called for international government concerns, physical access to offshore jurisdiction and access to certain information can be difficult, financial security may be lower with offshore accounts especially during banking crisis)</p> <p>16.4 Explore the services offered by offshore banks (such as</p>
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	<p>management of investments, taking of deposits, letter of credits and trade finance, Electronic Funds Transfer (EFTs), management of funds, trustee services, giving of credit)</p> <p>16.5 Identify some of the world's offshore financial centres (e.g. Luxembourg, Switzerland, Seychelles, Monaco etc.)</p> <p>16.6 Evaluate the effect of bank secrecy on offshore banking</p>
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## Recommended learning resources

<b>Indicative reading</b>	<p>Peter S. et al 2010. Bank Management and Financial Services 8th Edition: McGraw Hill USA ISBN 978-007-126965-0</p> <ul style="list-style-type: none"><li>• For a full list of textbooks and publications relevant to this unit, please contact IPED - UK.</li></ul>
<b>Learning Aid</b>	<ul style="list-style-type: none"><li>• A comprehensive IPED study material is available to aid in learning and research of this unit.</li><li>• We supply IPED course materials free of charge. Our study materials, which offer quick learning start, are comprehensive, use simple English, and are easy to read and understand. The contents are so sufficient and self-explanatory; that in majority of cases readers do not require further support; although support is always available when you need it.</li></ul>