



PERFORMANCE MEASUREMENT AND EVALUATION

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

UNIT SPECIFICATION

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Unit Title

Performance Measurement and Evaluation

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.

Learning outcome Learner will:	Assessment criteria Learner can:
1.0 Understand the nature and significance of performance management	1.1 Explain what is meant by performance management 1.2 Evaluate the importance of performance measurement in financial management 1.3 Examine the various ways of measuring individual and organizational performance 1.4 Analyse the performance management process 1.5 Examine the nature of performance appraisal
2.0 Understand how to evaluate the performance of a financial firm using the its stock value	2.1 Examine how a firm’s objectives can be used in evaluating its performance 2.2 Analyse how the ability of a financial firm to maximize its value may be used as a performance indicator 2.2.1 Calculate the stock value of a firm and interpret the outcome 2.2.2 Describe the situations under which the value of a financial firm’s stock may increase 2.2.3 Examine the individuals or groups who are likely to be interested in the profitability and the level of risk exposure of a financial institution
3.0 Understand the financial ratios used in measuring the performance of a financial firm	3.1 Explain why profitability ratios are sometimes used to assess a financial firm’s performance instead of its stock’s price 3.2 Calculate and interpret financial ratios used in evaluating the performance of a financial firm (return on equity, return on assets, net interest margin, net non-interest margin, net operating margin, earnings per share of stock, asset utilization, equity multiplier,

<p>4.0 Understand how to measure risk exposure in the financial firms</p>	<p>operating efficiency, employee productivity ratio)</p> <p>3.3 Analyse the elements that determine the rate of return earned on stockholders' investment (ROI) in a financial firm (i.e. management decision regarding capital structure, management decision regarding; the mix of funds raised and invested, how big the institution should be, control of operating expense, the pricing service and how to minimize the financial firm's tax liability)</p> <p>3.4 Examine the use of profitability ratios in assessing performance</p> <p>3.4.1 Analyse the factors that contribute to achieving superior profitability (e.g. careful use of financial leverage, careful use of operating leverage from fixed assets, careful control of operating expenses so that more sales revenue become net income, careful management of the asset portfolio to meet liquidity needs while seeking the highest returns from any assets acquired and careful control of exposure to risk so that losses do not overwhelm income and equity capital)</p> <p>4.1 Identify the popular measures of overall risks for a financial firm (i.e. standard deviation or variance of stock prices, standard deviation or variance of net income, standard deviation or variance of return on equity and return on assets)</p> <p>4.2 Explain what is meant by credit risk</p> <p>4.2.1 Examine the implications of credit risk on financial service providers</p> <p>4.2.2 Analyse the ratio indicators of credit risk (i.e. nonperforming assets/total loans and leases, net charge-offs of loans/ total loans and leases, annual provision for loan losses/ total loans and leases or relative to equity capital, allowance for loan losses/ total loans and</p>
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	<p>leases or relative to equity capital, nonperforming assets/ equity capital)</p> <p>4.3 Explain what is meant by liquidity risk</p> <p>4.3.1 Examine the implications of liquidity risk on financial firms</p> <p>4.3.2 Analyse the useful measures of liquidity risk exposure (i.e. purchased funds/total assets, cash due from balances held at other depository institution, cash assets and government securities/total assets)</p> <p>4.4 Explain what is meant by market risk</p> <p>4.4.1 Examine the components of market risk (i.e. price risk, interest rate risk)</p> <p>4.4.2 Analyse the important indicators of price risk</p> <p>4.4.3 Analyse the most widely used measures of interest rate risk exposure</p> <p>4.5 Explain what is meant by foreign exchange and sovereign risk</p> <p>4.5.1 Discuss how management can assess and hedge against foreign exchange and sovereign risks</p> <p>4.6 Examine the nature of off-balance sheet risk</p> <p>4.7 Describe the implications of operational (transactional) risk</p> <p>4.8 Evaluate the following types of risks and how they are measured:</p> <ul style="list-style-type: none"> - Legal and compliance risks - Reputation risk - Strategic risk <p>4.9 Explain what is meant by capital risk</p> <p>4.9.1 Evaluate the implications of capital risk</p> <p>4.9.2 Describe how capital risk can be measured</p>
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<p>5.0 Understand the non-financial indicators used in measuring the performance of a financial firm</p>	<p>5.1 Examine the following non-financial indicators used in evaluating the performance of a financial firm:</p> <ul style="list-style-type: none">- Customer relations- Learning and development- Corporate Social Responsibility- Adherence to regulations
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Recommended learning resources

Indicative reading	Barbara Casu et al 2006; Introduction to Banking. Prentice Hall ISBN: 978-0273693024 <ul style="list-style-type: none">• For a full list of textbooks and publications relevant to this unit, please contact IPED - UK.
Learning Aid	A learning resource material is provided to guide the learner/tutor and to serve as a quick reference point for contents of the programme. The student is advised not to be over reliant on the study guide but to access the relevant textbooks or other academic materials as much as possible to help him/her with the course.