

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD  
(Department of Business Administration)**

**CREDIT MANAGEMENT (8714)**

**CHECK LIST**

**SEMESTER: AUTUMN, 2013**

This packet comprises following material:

1. Text book (One)
2. Course Outline
3. Assignment No. 1, 2
4. Assignment forms (2 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
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**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN "AIOU PLAGIARISM POLICY".**

**Course: Credit Management (8714)**  
**Level: MS (Management Sciences)**

**Semester: Autumn, 2013**  
**Total Marks: 100**

*Note: All questions carry equal marks. Attempt all the questions to be supported by examples with reference Banking Sector of Pakistan and relevant prudential regulations of State Bank of Pakistan.*

**ASSIGNMENT No. 1**

- Q. 1 Explain and evaluate the banking services to corporate sector in Pakistan. Critically discuss the prudential regulations for term finance certificates and guarantee for corporate banking in Pakistan. **(20)**
- Q. 2 Explain and evaluate the concept of non-deposit bank fund. Critically discuss the various non-deposit sources of bank fund in Pakistan. Analyze these sources and write your suggestions for improvement. **(20)**
- Q. 3 Explain and evaluate the growth and mix model of bank loans. Critically discuss the various determinates of growth and mix of bank loan in Pakistan. Discuss the limitations of this model and write your suggestions for covering these limitations. **(20)**
- Q. 4 Explain and evaluate the concept of Price Leadership Model. Critically discuss the application of this model in the banking and financial sector of Pakistan. Discuss limitations of this model and write your suggestions for covering these limitations. **(20)**
- Q. 5 Explain and evaluate the concept of capital management in banking and financial services. Critically discuss the capital standards of Basel Agreement and their impact on banking and financial services in Pakistan. **(20)**

**ASSIGNMENT No. 2**

**Total Marks: 100**

- Q. 1 Explain investment banking and its significance in banking business and finance business. Discuss various money market investment instruments available to financial firms in Pakistan. **(20)**

- Q. 2 Explain mortgage loan and its significance in banking and financial sector. Analyze the problems associated with mortgage loans system in Pakistan and write your suggestions for solving these problems. (20)
- Q. 3 Explain liability management and its significance in banking and financial services. Critically discuss the liability management strategies used by financial institutions in Pakistan. (20)
- Q. 4 Explain that how banks and financial institutions are reducing risk by raising funds through sales loans? Critically discuss the situation in the light of any financial institution in Pakistan. (20)
- Q. 5 Explain agriculture finance and its importance in the economy. Critically discuss the problems of agricultural finance system in Pakistan. Write your suggestions for solving these problems. (20)
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**Course: Credit Management**  
**Level: MS (Management Sciences)**

**Course Code: 8714**  
**Credit Hours: 03**

**Unit 1: An Introduction to the Business of Banking**

- 1.1 Banking Services in Pakistan
- 1.2 Impacts of government Policy and Regulation for Banking in Pakistan
- 1.3 Measuring and Evaluating Bank Performance in Pakistan

**Unit 2: Managing Bank Sources of Funds**

- 2.1 Deposits and Pricing Deposit-Related Services in Pakistan
- 2.2 Pricing Deposits Strategies used in Pakistan
- 2.3 Basic (Lifeline) Banking Liability Management in Pakistan
- 2.4 Alternative Non-Deposit Sources of Bank Funds in Pakistan

**Unit 3: Providing Loans to Business and Consumers**

- 3.1 Factors Determining the Growth and Mix of Bank Loans
- 3.2 Prudential Regulations for landings Loans
- 3.3 Handling Problem Loan Situations in Pakistan

**Unit 4: Lending to Business Firms**

- 4.1 Loans to Business Firms in Pakistan
- 4.2 Pricing Business Loans
- 4.3 Applications of Cost-Plus Loan Pricing Method and Price Leadership Model in Pakistan

**Unit 5: Consumer and Real Estate Lending**

- 5.1 Types of Loans Granted to Individuals and Families in Pakistan
- 5.2 Relevant Prudential Regulations by SBP For Consumer Loans
- 5.3 Real Estate and Mortgage Loans System in Pakistan

**Unit 6: Managing the Bank's Investments Portfolio and Liquidity Position**

- 6.1 Investment Instruments Available to Banks in Pakistan
- 6.2 Factors Affecting the Banker's Choice among Investment Securities in Pakistan
- 6.3 Demand and Supply of Bank Liquidity System in Pakistan

**Unit 7: Asset-Liability Management and Hedging Against Interest Rate and Credit Risk-I**

- 7.1 Asset-Liability Management (ALM) Strategies and their Rules in Pakistan
- 7.2 Interest Rate Risk: One of the Banker's Greatest ALM Challenges in Pakistan
- 7.3 Duration Gap Management in the Banking System in Pakistan

**Unit 8: Asset-Liability Management and Hedging Against Interest Rate and Credit Risk-II**

- 8.1 Process of Securitizing Bank Loans and Other Assets in banks operated in Pakistan
- 8.2 Beginnings of Securitization—Home Mortgage Market
- 8.3 Sales of Loans to Raise Funds
- 8.4 Concept of Standby Credit Letters and Factoring in Pakistan

**Unit 9: Special Categories of Lending Management in Pakistan**

- 9.1 Advances To Small and Medium Enterprises
- 9.2 Relevant Prudential Regulations by SBP for Small and Medium Enterprises
- 9.3 Agriculture Finance
- 9.4 Supervision and Control of Advances
- 9.5 Recovery of Advances

***Recommended Books:***

Rose S. Peter and Hudgins C. Sylvia (2007) *Bank Management & Financial Services* the McGraw-Hill Companies.

***Additional Book:***

Bessis Joel (2009) *Risk Management in Banking*. John Wiley & Sons.

Koch W. timothy and Macdonald Scott S. (2009) *Bank Management*. Thomson South-Western.

Mehta Dileep R and Fung Hung Gay (2004) *International Bank Management*.

Wiley-Blackwell.

