

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

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**COMMERCIAL AND INVESTMENT BANKING (8523)**

**CHECK LIST**

**SEMESTER: SPRING, 2014**

This packet contains following material:-

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

Please contact at the address given below, if you find anything missing in the packet.

**The Mailing Officer,  
Services Block No. 28,  
Allama Iqbal Open University,  
H-8, Islamabad.  
Ph: 051-9057611-12**

**Mahmood ul Hasan**  
Course Coordinator

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

**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: Commercial and Investment Banking (8523)**  
**Level: MBA (3 ½ Years)/ MBA (2 ½ Years)**

**Semester: Spring, 2014**  
**Total Marks: 100**  
**Pass Marks: 50**

**ASSIGNMENT No. 1**

- Q. 1 Briefly discuss the various services offered by commercial banks in Pakistan. (20)
- Q. 2 Discuss in detail the role of State Bank of Pakistan for economic development of the country. (20)
- Q. 3 Explain in detail the instructions and rules relating to maintaining accounts, statement of accounts, and specimen signature. Illustrate your answer with reference to current accounts and joint accounts. (20)
- Q. 4 a) Highlight the importance of concept "know your customer (KYC). (12)  
b) Can ATM be issued to a joint account if the operational instructions are given as "jointly". Explain with justification. (08)
- Q. 5 Make a comparative study of cheque and promissory note? (20)

**GUIDELINES FOR ASSIGNMENT # 1**

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- Your level of understanding of the subject;
  - How clearly you think;
  - How well you can reflect on your knowledge & experience;
  - How well you can use your knowledge in solving problems, explaining situations, and describing organizations and management;
  - How professional you are, and how much care and attention you give to what you do.
- To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course

materials apply. You must also be able to identify important problems and implications arising from the answer.

For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

## **ASSIGNMENT No. 2**

**Total Marks: 100**

**Pass Marks: 50**

This assignment is a research-oriented activity. You are required to obtain information from a business/commercial organization and prepare a report of about 1000 words on the issue allotted to you to be submitted to your teacher for evaluation.

You are required to select one of the following issues according to the last digit of your roll number. For example, if your roll number is P-3427180 then you will select issue # 0 (the last digit):-

### **List of Issues/Topics**

0. Clearing process through NIFT.
1. Implementation OF Islamic banking in Pakistan
2. Functions, Management & services of different specialized financial institutions of Pakistan.
3. Credit management of commercial banks.
4. Role of Asian Development Bank (ADB) in the economic development of Pakistan
5. Risk management in banks
6. Effect of monetary policy on commercial banks
7. Mobilization of deposits in banking system of Pakistan
8. Sources of funds for the development of financial institutions of Pakistan
9. Credit and collection policies of commercial banks in Pakistan

### **The report should follow the following format:**

1. Title page
2. Acknowledgements
3. An abstract (one page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)
6. Practical study of the organization (with respect to the issue)
7. Data collection methods
8. SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
9. Conclusion (one page brief covering important aspects of your report)
10. Recommendations (specific recommendations relevant to issue assigned)
11. References (as per APA format)
12. Annexes (if any)

## **GUIDELINES FOR ASSIGNMENT # 2**

- 1.5 line spacing
- Use headers and subheads throughout all sections
- Organization of ideas
- Writing skills (spelling, grammar, punctuation)
- Professionalism (readability and general appearance)
- Do more than repeat the text
- Express a point of view and defend it.

## **WORKSHOPS**

The workshop presentations provide students opportunity to express their communication skills, knowledge & understanding of concepts learned during practical study assigned in assignment # 2.

You should use transparencies and any other material for effective presentation. The transparencies are not the presentation, but only a tool; the presentation is the combination of the transparencies and your speech. Workshop presentation transparencies should only be in typed format.

### **The transparencies should follow the following format:**

- 1) Title page
- 2) An abstract (one page summary of the paper)
- 3) Introduction to the issue (brief history & significance of issue assigned)
- 4) Practical study of the organization (with respect to the issue)
- 5) Data collection methods
- 6) SWOT analysis (strengths, weaknesses, opportunities & threats) relevant to the issue assigned
- 7) Conclusion (one page brief covering important aspects of your report)
- 8) Recommendations (specific recommendations relevant to issue assigned)

## **GUIDELINES FOR PRESENTATION:**

- Make eye contact and react to the audience. Don't read from the transparencies or from report, and don't look too much at the transparencies (occasional glances are acceptable to help in recalling the topic to cover).
- A 15-minute presentation can be practiced several times in advance, so do that until you are confident enough. Some people also use a mirror when rehearsing as a substitute for an audience.

## **WEIGHTAGE OF THEORY & PRACTICAL ASPECTS IN ASSIGNMENT # 2 & WORKSHOP PRESENTATIONS**

Assignment # 2 & workshop presentations are evaluated on the basis of theory & its applicability. The weightage of each aspect would be:

Theory:	60%
Applicability (practical study of the organization):	40%

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Course: **Commercial and Investment Banking**  
Level: **MBA (3½ Years) / MBA (2½ Years)**

Course Code: **8523**  
Credit Hours: **03**

**Unit No. 1: Introduction to Banking in the World and Pakistan**

- 1.1 Meaning and Origin of Banking in the World
- 1.2 Brief History of Development of Banking in Pakistan
- 1.3 Various Types of Banks, Nature, Scope and Their Functions
- 1.4 Central Bank: Role & Functions in an Economy
- 1.5 State Bank of Pakistan as Regulator
- 1.6 Various Types of Banking Services Available in Pakistan
- 1.7 Importance and Mobilization of Deposits in Banking System.

**Unit No. 2: Banker–Customer Relationship**

- 2.1 Essence of Relationship
- 2.2 Banker & Customer
- 2.3 Functions of Banks
- 2.4 Rights and Obligations of Banker and Customer
  - 2.5.1. Rights of a Banker
  - 2.5.2. Banker’s Obligations to Customer
  - 2.5.3. Customer’s Obligations to Banker
- 2.6. Termination of Relationship
- 2.7 Accounts of Customers – General
- 2.8 Importance of Introduction and the Concept of “Know Your Customer” (KYC)
- 2.9 Determination of Banker’s Obligation and Authority to Pay Cheques
- 2.10 Countermanding of Payment
- 2.11 Legal Process Determining Banker’s Authority to Pay Cheques

**Unit No. 3: Types of Accounts and Accounts of Special Customers**

- 3.1 Various Types of Bank Accounts such as Current, PLS, Call, Short Notice Deposits and Fixed Deposit Accounts, Royalty Accounts, and Departmental Accounts
- 3.2 Instructions and Rules Relating to Maintaining Accounts, Balancing Ledgers, Statement of Accounts, Pass Book, and Specimen Signature

- 3.3 Accounts of Trading Organizations
  - 3.3.1. Partnership Firm
  - 3.3.2. Joint Stock Companies
  - 3.3.3. Mercantile Law Agents
- 3.4 Accounts of Non – Trading Organizations
  - 3.4.1. Accounts of Local Bodies
  - 3.4.2. Accounts Of Non-Trading Organizations with Liabilities Limited by Guarantee
  - 3.4.3. Trust Accounts
  - 3.4.4. Accounts of Executors and Administrators
  - 3.4.5. Accounts of Liquidators
  - 3.4.6. Accounts of Clubs, Societies, and Associations

**Unit No. 4: Bill Of Exchange, Promissory Note, Cheques Endorsements, and Remittances**

- 4.1 Bill of Exchange
- 4.2 Promissory Note
- 4.3 Promissory Note vs. Bill of Exchange
- 4.4 Cheques and Their Payment
- 4.5 Crossed Cheques and Their Collection
- 4.6 Endorsement Defined
- 4.7 Kinds of Endorsement
- 4.8 Inscription of Endorsement
- 4.9 Bank Draft
- 4.10 Telegraphic Transfers
- 4.11 Mail Transfer (M.T)
- 4.12 Payment Orders
- 4.13 Other Methods of Transfer of Funds

**Unit No. 5: Development Financial Institutions**

- 5.1 History of Development Financial Institutions (International and National)
- 5.2 Types of Financial Services Available in Pakistan through Development Financial Institutions.
- 5.3 Sources of Funds for Development Financial Institutions
- 5.4 Functions, Management, and Services Offered by Different Specialized Financial Institutions in Pakistan

**Unit No. 6: Role of International Institutions in Development Financing**

- 6.1 International Monetary Fund (IMF)
- 6.2 International Bank of Reconstruction and Development (IBRD)
- 6.3 International Development Association (IDA)
- 6.4 International Finance Corporation (IDB)
- 6.5 Islamic Development Bank (IDB)
- 6.6 Asian Development Bank (ADB)

**Unit No. 7: Development of Islamic Banking in Pakistan**

- 7.1 Main Features of the Islamic Economic System.
- 7.2 Efforts towards Islamization of Banking in Pakistan
- 7.3 Implementation of Islamic Banking in Pakistan
- 7.4 Modes of Non-Interest Financing
  - 7.4.1 Financing by Lending:
  - 7.4.2 Trade Related Modes:
  - 7.4.3 Investment Type Modes:

**Unit No. 8: Routine Foreign Exchange Transactions in Banking**

- 8.1 Import License
- 8.2 Import Letter of Credit (L/C)
- 8.3 Negotiation of Bills under L/Cs
- 8.4 Collection in the Context of Uniform Rules for Collection (URC)
- 8.5 Collections Mechanism
- 8.6 Form and Structure of Collections
- 8.7 Internet, Charges, and Expenses
- 8.8 Risks Inherent in Collection
- 8.9 Modes of International Settlements

**Unit No. 9: Relevant Banking Laws in Pakistan**

- 9.1 State Bank Of Pakistan Act, 1956
- 9.2 Banking Companies Ordinance (BCO), 1962
- 9.3 Banks Nationalization Act, 1974
- 9.4 Banking Tribunal Ordinance, 1984
- 9.5 Banking Companies (Recovery of Loans, Advances, Credits and Finances) Ordinance, 1979 (Ordinance XXV of 1997)
- 9.6 Foreign Exchange Regulation Act, 1947
- 9.7 Negotiable Instruments Act, 1881

- 9.8 Micro-Finance Bank Ordinance, 2000
- 9.9 Microfinance Institutions Ordinance, 2001

***Books Recommended:***

Siddiqi, A. H. (2010). *Practice and Law of Banking in Pakistan*. Karachi: Royal Book Company.

Khan, G. N. (2008). *Laws Relating to Financial Services* (2<sup>nd</sup> ed.). Karachi: The Institute of Bankers Pakistan.

Meenai, S. A., & Ansari., J. A. (2010). *Money and Banking in Pakistan* (6<sup>th</sup> ed.). Karachi: Oxford University Press.

