

**INSTITUTE OF BANKERS IN MALAWI**

**DIPLOMA IN BANKING EXAMINATION**

**SUBJECT: PERSONAL FINANCIAL PLANNING (IOBM – AD311)**

**Date: Sunday, 13th May 2018**

**Time Allocated: 3 hours (13:30 – 16:30 Hours)**

**INSTRUCTIONS TO CANDIDATES**

1 This paper consists of **TWO** Sections, A and B.

2 Section A consists of 4 questions, each question carries 15 marks.

Answer **ALL** questions.

3 Section B consists of 4 questions, each question carries 20 marks. Answer **ANY TWO** questions.

4 You will be allowed **10 minutes** to go through the paper before the start of the examination, you may write on this paper but not in the answer book.

5 Begin each answer on a new page.

6 **Please write your examination number on each answer book used. Answer books without examination numbers will not be marked.**

7 All persons writing examinations without payment will risk expulsion from the Institute.

8 If you are caught cheating, you will be automatically disqualified in all subjects seated this semester.

9 DO NOT open this question paper until instructed to do so.

**SECTION A (60 MARKS)**

Answer **ALL** questions from this section

**QUESTION 1**

1. Explain what you understand by the expression “effective and efficient transfer of assets” in as far as estate planning in concerned. (*4 marks)*
2. Mention **four** possible outcomes that would arise as a result of effective and efficient transfer of assets. *(8 marks)*
3. Mention **three** circumstances in which a witness to a will who is also a member of the immediate family can rightly be recognized as a beneficiary on the same will.

(*3 marks)*

**(Total 15 marks)**

**QUESTION 2**

The youth always hold a strong view that retirement planning is for the elderly and that there is still enough time to see the best side of life.

**Required**

1. Write a detailed report to correct this perception and provide tips on the recommended approach to retirement planning. *(13 marks)*
2. Explain what you understand by the term “fatalism” in reference to retirement planning *(2 marks)*

**(Total 15 marks)**

**QUESTION 3**

Explain any **five** strategic approaches that you would recommend to someone who have a desire to save money for investment. **(Total 15 marks)**

**QUESTION 4**

Expalin **three** generic business strategies which a company or business can choose from in order to effectively compete in the market. In your answer give the key strategic approaches which each of the strategies focus on in comparison to the others. **(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer ANY **TWO** questions from this section

**QUESTION 5**

Discuss **four** circumstances which can give the insurer the right to avoid a policy or dishonor a claim based on information that was provided or not provided by the insured at the time of entering into the insurance contractual relationship.  **(Total 20 marks)**

**QUESTION 6**

Explain the PESTEL framework in strategy formulation and why it is important to include “key drivers for change” and building scenarios within the framework.

**(Total 20 marks)**

**QUESTION 7**

a) Explain the “deontological approach” of the theory of ethics and outline the fundamental guiding principles and assumptions for this theory to work. *(8 marks)*

b) Mention **three** advantages and **three** disadvantages of following the deontological approach in pursuit of adopting acceptable ethical behaviors in an organization? *(12 marks)*

**(Total 20 marks)**

**QUESTION 8**

1. Outline **any four** guiding principles which are considered to be the recommended steps to bridge the gap between ones level of living and the desired standard level of living. *(8 marks)*
2. “Personal financial planning helps to create a clear vision of what a person would like to achieve and brings discipline to ones propensity to spend”.

**Required**

Discuss **six** arguments that you can put forward as benefits of personal financial planning in support of this statement? *(12 marks)*

**(Total 20 marks)**

**END OF EXAMINATION PAPER**