

**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCED DIPLOMA IN BANKING EXAMINATION**

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

**Date: Sunday, 8th May 2016**

**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 sheets 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**

You have been appointed to give a presentation on the steps to follow when coming up with a financial plan. Write a brief report to show the five steps you would follow when coming up with a personal financial plan. (*15 marks)*

**(Total 15 marks)**

**QUESTION 2**

1. There are a number of goals investors aim to achieve when selecting types of assets or investment avenues. Outline the four common goals which every investor strives to achieve. (*4 marks)*
2. Give any **three** points that you would give as golden rules in estate planning .

(*6 marks)*

1. Explain what you understand by the terms objective risk and subjective risk.

(*5 marks)*

**(Total 15 marks)**

**QUESTION 3**

1. Explain the concept of cost leadership as a business strategy. (*3 marks)*
2. Mention the **four** key drivers that can help you to achieve cost leadership.

*(12 marks*)

**(Total 15 marks)**

**QUESTION 4**

An analysis of the external business environment helps entrepreneurs in identifying opportunities and threat. Write detailed notes to show what information you would attempt to get under each of the three processes namely;

1. PESTEL analysis (*10 marks)*
2. Key drivers for change (*5 marks)*

**(Total 15 marks)**

**SECTION B** **(40 MARKS)**

Answer **ANY TWO** questions from this section.

**QUESTION5**

1. What relationship can you draw from the existing laws of a country and ethical behavior? Your answer should clearly explain the role of ethics in the development of the laws of the land. (*5 marks)*
2. Explain what you understand by threshold capabilities (resources and competencies) of a business enterprise and why such capabilities are important. Support your answer with an example. (*10 marks)*
3. What is “blue ocean thinking” and how is this helpful to an entrepreneur facing stiff competition? (*5 marks*)

**(Total 20 marks)**

**QUESTION 6**

Write a detailed report to outline benefits which individuals derive from the process of personal financial planning. *(20 marks)*

(**Total 20 marks)**

**QUESTION 7**

1. Insurance contracts are known to be quite unique and different from other forms of contracts. Comment on this statement by making reference to the following characteristics;
   * 1. Adhesion (*5 marks)*
     2. Unilateral *(5 marks)*
2. Write short notes on the following
   * 1. Transfer of property by designation *(5 marks)*
     2. The difference between irrevocable living trust and revocable living trust.

*(5 marks)*

**(Total 20 marks)**

**QUESTION 8**

1. Define unsystematic risk *(4 marks)*
2. Mention at least **two** systematic risks and two unsystematic risks confronting investors.  *(16 marks)*

**(Total 20 marks)**