

**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCED DIPLOMA IN BANKING EXAMINATION**

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

**Date: Sunday, 6th Nov 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 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**

Imagine that early this year you got a job with one of the local banks as a teller receiving a gross salary of MK250,000 per month. It is now end of year and the bank has declared an annual increment of 15% across the board. You are surprised that most of the senior officers are complaining that this does not qualify to be called an increment and they are planning to stage a strike. The prevailing rate of inflation is currently pegged at 25%.

**Required:**

1. Calculate what will be your gross increment and next salary package. *(2 marks)*
2. Using the inflation rate, work out your real income. *(5 marks)*
3. From your findings above and applying the rule of 72, put up an argument to your management on the drop-in money purchasing power and how long it will take before prices of goods and services will double. *(4 marks)*
4. Explain what you understand by the” principle of indemnity” in an insurance contract.  *(4 marks)*

**(Total 15 marks)**

**QUESTION 2**

1. Using the basic guidelines on the golden rules for retirement planning, write a report of the things you would do in order to develop a sound retirement plan *(12 marks)*
2. Mention any **three** circumstances under which a witness to a Will can also be accepted as a legitimate beneficiary under the same Will. *(3 marks)*   **(Total 15 marks)**

**QUESTION 3**

1. Mention the **five** fundamental preliminary prerequisites to take into account before one can embark on an investment program. *(5 marks)*
2. You have been requested to give a morning talk on some guidelines and strategies on how to get started for one to begin saving and investing. Highlight what you consider to be your **five** strong areas for discussion in your presentation.  *(10 marks)*

**(Total 15 marks)**

**QUESTION 4**

1. Explain some of the reasons/ excuses that derail people from saving for retirement. *(10 marks)*
2. What provisions does “Section 10” of the Deceased Estates ( Wills , Inheritance and Protection) Act 2011 give in respect the status of an ex-wife on the testators Will. *(5 marks)*

(**Total 15 marks)**

**SECTION B**

Answer **ANY TWO** questions from this section

**QUESTION 5**

1. In the study of ethical behavior, define what you understand by cultural relativism and state at least **three a**dvantages of cultural relativism. Support your answer with examples of countries or communities where this is practiced. *(10 marks)*
2. Explain what you understand by threshold capabilities (resources and competencies) of a business enterprise. Use VRIN” to outline what the capabilities must possess in order to be considered as unique. *(10 marks)*

**(Total 20 marks)**

**QUESTION 6**

Social interactions and productivity in business enterprises will be enhanced if employers and their employees can embrace the arguments advanced by psychologist Daniel Goleman in his book on emotional intelligence.

Comment on the issues raised by Goleman on both personal competencies as well as social competencies. **(Total 20 marks)**

**QUESTION 7**

When developing a business strategy for your organization or business, it is crucial to look at all possible angles likely to impede on your achievements. This can easily be achieved through building scenarios.

1. Write a brief outline to state how you would go about to build scenarios in your strategy plan.  *(10 marks)*

1. Under Michael Porters five forces framework, outline the **five** forces and how these would assist an entrepreneur to choose which industry or market to enter. *(10 marks)*

**(Total 20 marks)**

**QUESTION 8**

Distinguish between cost leadership and differentiation strategies. Is it possible for a company or business unit to follow a cost leadership strategy and a differentiation strategy simultaneously? Use the strategy clock on Bownan’s strategic options to advance your arguments. **(Total 20 marks)**

**END OF EXAMINATION PAPER**