

**INSTITUTE OF BANKERS IN MALAWI**

**ADVANCED DIPLOMA IN BANKING EXAMINATION**

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

**Date: Sunday, 22 November 2020**

**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 3 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 when 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**

1. Illustrate with an example why an Insurance contract is referred to as a contract of indemnity.

*(3 marks)*

1. Give **four** key characteristics that are unique in an insurance contract in comparison with normal commercial contracts. *(12 marks)* (**Total 15 marks)**

**QUESTION 2**

1. Define the rule of 72 and work out how long it would take for personal expenses of individuals to double given an inflation rate of 10%.  *(3 marks)*
2. In retirement planning, financial planners must prepare their clients to be mindful of both qualitative and quantitative factors. Briefly explain what these two factors entail and the areas that clients should pay attention to adequately prepare themselves for retirement. *(6 marks)*
3. Explain the acronym NRIV when defining strategic capabilities as a basis of competitive advantage.  *(6 marks)*

**(Total 15 marks)**

**QUESTION 3**

Strategy documents should be reviewed periodically preferably by building scenarios to predict changes that might happen and how the organization would respond in case of such changes.

**Required**

Write brief notes on the process to be followed when drawing scenarios around the organizational business strategy.  **(Total 15 marks)**

**QUESTION 4**

1. What are the prerequisites for developing a sound investment plan? *(10 marks)*

1. Define the circumstances in which a will” can be revoked. *(5 marks)*  **(Total 15 marks)**

**SECTION B (40 MARKS)**

Answer **ANY TWO** questions from this section

**QUESTION 5**

1. Outline some of the key golden rules that an investor must observe to build a strong asset portfolio base in investment planning. *(12 marks)*
2. Briefly explain the missed opportunities that prevail when individuals do not prioritize investment planning and setting investment goals. *(8 marks)*

**(Total 20 marks)**

**QUESTION 6**

Draw a strategy clock and discuss the different strategic zones and how an organization can use this to effectively compete within its industry. **(Total 20 marks)**

**QUESTION 7**

1. What is emotional contagion and give reasons why managers should be conscious about its existence. *(5 marks)*
2. Outline the **five** competencies as detailed by D. Goleman in which the effective use of emotional contagion is essential. *(15 marks)*

**(Total 20 marks)**

**QUESTION 8**

1. Draw a distinction between threshold capabilities and distinctive capabilities and state why both capabilities are important. *(10 marks)*
2. Use the emotional intelligence theory to explain how an individual can improve his own personal competences. *(10 marks)*

**(Total 20 marks)**

**END OF THE EXAMINATION PAPER**