

Chartered Banker

Leading financial professionalism

CHARTERED BANKER 2013 MODULE SPECIFICATION

Title:	Applied Business and Corporate Banking
Credit Value:	SCQF Level 10/EQF Level 6 SCQF Credit Points 25
Aim:	To provide an extensive, detailed and critical knowledge and understanding of the business and corporate banking environment and the significance of the customer relationship; and to develop the practitioner's skills and ability to synthesise complex issues, evaluate information, apply principles and techniques, and make professional judgements and informed decisions in relevant work situations
Access Statement:	It is recommended that students should have previously studied at SCQF Level 8/9/EQF Level 5/6 or above, or have relevant practical experience in banking or financial services.
Programmes of study to which unit contributes:	<ul style="list-style-type: none">• Chartered Banker• Associate Chartered Banker Diploma
Learning Outcomes:	Knowledge, Understanding and Skills On completion of this module, students should be able to: <ol style="list-style-type: none">1. critically review the environment in which the bank's business and corporate customers operate2. critically analyse the finance function of business and corporate customers3. appraise a company's financing structure in terms of its capital, debt and cost of capital and evaluate and advise on a range of suitable finance options4. distinguish between and evaluate different types of specialised lending options available to business and corporate customers5. critically analyse and evaluate investment projects to make informed investment decisions6. demonstrate an understanding of interest rate and currency exposure management7. critically analyse and advise business and corporate customers on their company financial plans8. appraise the significance of the quality of the customer relationship in the business and corporate banking environment.
Method of Delivery:	Distance learning with blended learning support.
Assessment:	<i>An online, extended response examination worth 70% of the overall result and one summative assignment worth 30%. Continuous formative assessment will be provided in the form of feedback on a draft assignment.</i>

Learning Outcomes, Assessment Criteria and Content

Learning Outcomes	Assessment Criteria	Content
The Business and Corporate Banking Environment		
Critically review the environment in which the bank's business and corporate customers operate.	<p>Differentiate between ownership and control and examine potential conflicts that could arise from these differences.</p> <p>Examine the impact of the regulatory framework on the business and corporate banking environment.</p> <p>Examine the impact of economic influences on the business and corporate banking environment.</p> <p>Examine the impact of globalisation on the business and corporate banking environment.</p> <p>Explain how financial services institutions operate in financial markets.</p> <p>Explain what is meant by securitisation and appraise its significance in the business and corporate banking environment.</p> <p>Explain the importance of sound relationships with customers based on a knowledge of their business and industries.</p>	<p>Importance of cash</p> <p>Business structures</p> <p>Ownership and control</p> <p>Corporate Governance</p> <p>Regulatory framework</p> <p>Economic influences</p> <p>Globalisation</p> <p>Financial markets and the institutions</p> <p>Securitisation and Disintermediation</p> <p>Customer Relationships</p>

The Finance Function		
Critically analyse the finance function of business and corporate customers.	Explain the purpose of a corporate strategy, examine what it contains and how it is produced and implemented.	Corporate strategy
	Evaluate the importance of liquidity management, including working capital management and policy.	The finance function
	Explain the concept of overtrading, its effect on the business' financial position and possible remedies.	Liquidity management
	Evaluate banking relationships from the customer's perspective and examine the advantages of relationship banking over transactional banking.	Overtrading Banking relationships
Financing		
Appraise a company's financing structure in terms of its capital, debt and cost of capital, and evaluate and advise on a range of suitable finance options.	Distinguish between and evaluate different types of finance options available to business and corporate customers.	Types of capital
	Critically analyse a range of capital markets.	Capital markets
	Recommend an appropriate dividend policy to meet the corporate financing requirements of a business and the needs of the shareholders.	Dividend policy
	Evaluate methods of raising capital and debt in both the short and long term.	Other sources of equity finance
	Construct a profile of a business or corporate customer and recommend a suitable finance option that meets their needs.	Long-term debt Short and medium term debt Financing structure

Specialised Lending		
Distinguish between and evaluate different types of specialised lending options available to business and corporate customers.	<p>Evaluate different types of specialised lending options</p> <p>Construct a profile of a business or corporate customer and recommend a suitable specialised lending option that meets their needs.</p> <p>Critically assess the nature of project finance in terms of its uses, operation and transfer of risks.</p>	<p>Property</p> <p>Agriculture</p> <p>Lending for foreign business transactions</p> <p>Project finance</p> <p>Private Finance Initiative</p>
Evaluating Investment Projects		
Critically analyse and evaluate investment projects to make informed investment decisions.	<p>Identify, explain and evaluate investment projects.</p> <p>Critically analyse and evaluate an investment project and make an investment decision based on your analysis.</p> <p>Compare and contrast methods of appraising and evaluating investment projects.</p> <p>Examine what is meant by the terms 'time value of money', 'discounted cash flow' and 'net present value' and appraise their significance in evaluating investment projects.</p> <p>Differentiate between the terms 'internal rate of return' and 'modified internal rate of return' and appraise their significance in evaluating investment projects.</p> <p>Explain what is meant by 'profitability indices', 'payback' and 'accounting rate of return' and appraise their significance in evaluating investment projects.</p> <p>Calculate a profitability index, a payback period and an accounting</p>	<p>Creating value</p> <p>Measuring value</p> <ul style="list-style-type: none"> • time value of money • discounted cash flow <p>Investment appraisal methods</p> <ul style="list-style-type: none"> • net present value • internal rate of return and modified internal rate of return • profitability indices • payback and discounted payback • accounting rate of return <p>Investment decisions</p> <ul style="list-style-type: none"> • cash flow forecasts

	<p>rate of return.</p> <p>Analyse an investment appraisal cash flow.</p> <p>Use risk assessment techniques to analyse levels of risk and reward.</p> <p>Explain what is meant by 'cost of capital' and 'capital rationing' and appraise their significance in business and corporate banking.</p>	<ul style="list-style-type: none"> investment appraisal cash flows tax and inflation <p>Risk and reward</p> <ul style="list-style-type: none"> risk analysis techniques <p>Cost of capital and capital rationing</p>
Interest Rate and Currency Exposure Management		
<p>Demonstrate an understanding of interest rate and currency exposure management.</p>	<p>Explain what is meant by interest rate and currency exposure management.</p> <p>Explain what is meant by hedging and examine the use of derivatives in interest rate and currency exposure management.</p> <p>Differentiate between a range of interest rate and currency exposure management techniques and assess their suitability for specific purposes and specific customer profiles.</p>	<p>Hedging and derivatives</p> <ul style="list-style-type: none"> forward contracts futures options swaps <p>Interest rate exposure management</p> <ul style="list-style-type: none"> risks forward rate agreements (FRAs) caps, collars and floors interest rate futures

		<ul style="list-style-type: none"> • interest rate options <p>Currency exposure management</p> <ul style="list-style-type: none"> • spot and forward markets • risks • transaction exposure • translation exposure • economic exposure • hedging currency exposure risks • managing translation exposure • managing economic risk • managing transaction exposure • forward contracts • currency borrowing • currency options • swaps • currency futures
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Mergers and Acquisitions		
<p>Critically analyse and advise business and corporate customers on their company financial plans.</p>	<p>Critically analyse from a strategic and financial perspective the rationale behind mergers, acquisitions, divestments and demergers, including management buy-outs and buy-ins.</p> <p>Critically analyse a company's financial plans and recommend an appropriate course of action based on the company's strategic objectives and current financial status.</p> <p>Evaluate the financial implications of an acquisition and determine how the transaction could be financed.</p> <p>Evaluate different methods of valuing a company's shares.</p> <p>Critically analyse the merger and acquisition process, including its regulation.</p> <p>Justify the acquisition and defence strategies used by companies who are involved in takeovers and mergers.</p> <p>Appraise the process of integration following a takeover.</p>	<p>Mergers and takeovers</p> <ul style="list-style-type: none"> • Reasons • Risks involved • Types of mergers <p>Motives for mergers</p> <p>Merger process</p> <ul style="list-style-type: none"> • Financing the takeover • Evaluation of the bid • Valuation of companies • Regulation of takeovers • Preparation, negotiation and integration <p>Corporate restructuring</p> <ul style="list-style-type: none"> • Divestment and demergers • share repurchase • Management buy-outs • Private equity

Building and Maintaining Successful Customer Relationships		
<p>Appraise the significance of the quality of the customer relationship in the business and corporate banking environment.</p>	<p>Critically analyse a customer's business and its financial statements.</p> <p>Explain how to nurture and develop a collaborative and supportive relationship with business and corporate customers.</p> <p>Analyse customer needs, and recommend financial solutions and other sources of support.</p> <p>Analyse risk for the business and for the bank; evaluate risk management strategies; and recommend risk mitigation techniques.</p> <p>Appraise a business' difficulties; and evaluate solutions working together with the directors.</p>	<p>Understanding the customer's business</p> <p>Getting to grips with the figures</p> <p>Nurturing a collaborative and supportive relationship – how to achieve this</p> <p>Identifying and meeting the needs of the customer's business</p> <p>Recommending financial solutions and other sources of support</p> <p>Mitigating risk for bank and customer</p> <p>Working together to navigate difficult times</p>