

The Institute of Bankers Pakistan

ISQ Syllabus Guide

Accounting for Financial Services

Stage 2



IBP Superior
Qualification

For queries and feedback

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Preface

IBP Superior Qualification (ISQ) provides a unique opportunity to those who wish to pursue a professional qualification in banking.

The ISQ has been designed such that it not only encourages learning in a traditional manner but also encourages the understanding and application of concepts and banking practices. Developed using contemporary curriculum design methodology, we believe that the ISQ will enhance the skills and knowledge of current and potential bankers, providing the industry with a healthy pool of qualified professionals.

Since our banking professionals are geographically mobile, investment in a qualification which is widely recognized in the region and globally is the need of the hour. The Institute is proud to introduce from July 2011 the new Junior Associateship level of the ISQ qualification (JAIBP) which is accredited by UK's Chartered Banker Institute and candidates completing the JAIBP level with the new curriculum will be eligible to attain the Associate Chartered Banker title awarded by Chartered Banker Institute.

The Institute of Bankers Pakistan continues to endeavor to fulfill its mandate of providing quality professional training and technical expertise for the banking industry and the new ISQ is a step in that direction.

This book contains details about the "Accounting for Financial Services" course of the JAIBP program. We encourage you to study this in detail and wish you the best of luck in your knowledge endeavors.

Shahnoor Meghani

Head of Strategic Initiatives

The Institute of Bankers Pakistan

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1 Aims/ Objectives of the ISQ

IBP Superior Qualification (ISQ) is the only recognized professional qualification for bankers in Pakistan, which is recognized by both, the State Bank of Pakistan as well as the banking and financial services industry.

ISQ is a professional qualification program which is aimed at empowering the present and aspiring prospective management-level bankers with practical knowledge about the banking industry and its functions. The primary objective of the ISQ program is to equip entrants of the banking industry and existing mid-level bankers with necessary skills and knowledge to become well-rounded banking professionals.

The Junior Associateship of IBP (JAIBP) portion of the ISQ program has undergone a complete updation, in terms of structure and curriculum, to make it relevant to the current banking industry needs as well as international market practices.

The new JAIBP program is effective from the Winter 2011 examination. Candidates who enroll for the ISQ program in July 2011 will start their course of study with the new syllabus offerings. Candidates who enroll for the ISQ program in July 2011 will start their course of study with the new syllabus offerings. Candidates who had enrolled and appeared for the JAIBP exam prior to July 2011 (mid-stream candidates) will be transitioned to the new program. Mid-stream JAIBP candidates need to thoroughly review the "Transition Process" provided in Annexure I. Kindly read the process and familiarize yourself with the steps and procedures to be undertaken to equate yourself to the new and updated ISQ program.

2 ISQ Scheme of Study

The ISQ program is a 3-Level Self-Study Program:

Junior Associateship of IBP (JAIBP)	Associateship of IBP (AIBP)	Fellowship of IBP (FIBP)
Stage 1 — Four Subjects	JAIBP	AIBP
Stage 2 — Four Subjects	3 years of Total Banking Experience	5 years Post AIBP Banking Experience
Stage 3 — Three Subjects	60 Hours CPD	Two Subjects
Plus one Specialization Subject	Four Subjects Plus one Specialization Subject	Specialization Dissertation plus Viva and two published articles in a reputed journal

For the Winter 2011 examination session, the Institute has revamped only the Junior Associateship of IBP (JAIBP).

The JAIBP is a three stage, self study program, designed specifically to create well-rounded banking professionals. The updated JAIBP structure is as follows:

Stage 1

- 1 Business Communication for Financial Services
- 2 Introduction to Financial Systems and Banking Regulations
- 3 Information Technology in Financial Services
- 4 Branch Banking

Stage 2

- 5 Accounting for Financial Services
- 6 Lending: Products, Operations and Risk Management
- 7 Human Resource Management and Organizational Behavior
- 8 Economics

Stage 3

- 9 Marketing of Financial Services
- 10 Finance of International Trade & related Treasury Operations
- 11 Management Accounting for Financial Services

At Stage 3, candidates will have to successfully complete one Specialization Subject from the following:

- Leasing and Micro Finance
- SMEs and Agriculture Finance
- Islamic Banking and Finance
- Retail and Consumer Banking Operations

Students enrolling in the JAIBP program have a maximum period of 5 years to complete the JAIBP. The 5 year period commences from the date of appearance in the first exam. Further details are available in the ISQ Handbook.

The Chartered Banker Institute — Accreditation of ISQ’s JAIBP

The UK’s Chartered Banker Institute has accredited the Junior Associateship of IBP (JAIBP) portion of the IBP Superior Qualification (ISQ) program.

The UK’s Chartered Banker Institute is the oldest banking institute in the world. It develops and promotes professional standards for bankers and provides world class professional qualifications for the financial services industry in the UK and overseas.

The Chartered Banker Institute is also the only organization worldwide that can confer Chartered Banker status on its Members and Fellows. Membership of the Chartered Banker Institute means that one meets the professional standards of excellence, which are recognized and respected all over the world. Being a member of the Chartered Banker Institute is a valuable asset in one’s professional career as it provides the worldwide recognition that they deserve and also helps keep them ahead of their peers in the banking and financial services industry.

In addition, membership of the Chartered Banker Institute forms a solid base for a successful career in banking and financial services. Members will benefit from the Chartered Banker Institute’s status, confidence and professional standing and in turn be more employable and have better career prospects in the future.

What does the Chartered Banker Institute’s accreditation of the JAIBP mean for me?

This accreditation of the JAIBP means that all individuals who successfully complete the JAIBP have the opportunity to receive a portable certification that is internationally recognized through the accreditation by a renowned institution.

1 Candidates who enroll for the JAIBP program in July 2011

All JAIBP qualified individuals who enrolled in the ISQ program in July 2011, which is accredited by Chartered Banker Institute, upon completion will receive a joint certification by IBP and the Chartered Banker Institute, and will also be eligible to use the title of the Associate Chartered Banker (through on-going payment of the subscribed fee).

2 Mid-stream ISQ Candidates

Mid-stream JAIBP candidates will have to pass a comprehensive examination to fulfill the requirements of the Chartered Banker Institute’s accreditation of the JAIBP program, in addition to payment of subscription fee.

The schedule and fee for the comprehensive examination will be announced on the IBP website (www.ibp.org.pk).

Eligibility Criteria for the JAIBP Program

The entry criterion for the JAIBP program has been revised for candidates enrolling from July 2011 onwards. JAIBP is open for the following:

- 1 Graduates in any discipline with a minimum 2nd Division
AND
- 2 Students who are pursuing their degree in a 4-year undergraduate program (post Intermediate/A levels or equivalent) are eligible to enroll for the ISQ program during their 3rd or 4th year of study. Students who are pursuing their degree in a 2-year undergraduate program (post Intermediate/A levels or equivalent) are eligible to enroll for the ISQ program during their final year of study.

Documentation required for students registering in the ISQ program will be attested mark sheet for Intermediate or A levels with a pass grade of 45% and a letter from their academic institution confirming their enrollment in the specified undergraduate program. The award of the completed JAIBP qualification would be subject to the candidate having a graduate degree.

Note: More details about the program can be found in the ISQ Handbook or on the IBP website: www.ibp.org.pk

3 Rationale of the ISQ Program

The general rationale behind the program revamp is simple. With the rapid growth and development of the financial sector and its changing dynamics, the needs of the banking industry in terms of the knowledge required from young entrants have increased. The Institute, in order to provide the banking industry with the most relevant and up-to-date program and to help equip the banking industry recruits with essential industry expertise; has updated its program to align it with the needs of the industry in Pakistan as well as global industry trends. IBP has developed the ISQ program in a manner that is contemporary and in line with international standards both in terms of the course of study i.e. creating a comprehensive, standardized program and design which incorporates international renowned methodologies for curriculum development and assessment and testing. Furthermore, the ISQ program provides working professionals with the flexibility to pursue their career while enhancing their professional qualifications. Moreover, the ISQ program is also beneficial for full-time students as this qualification will assist them in paving the way to enter into the banking and financial services industry.

4 JAIBP Program Format

The syllabus for each of the compulsory JAIBP course has been updated to reflect the current banking industry requirements.

IBP is now providing all candidates of the JAIBP program with Specific Learning Objectives (SLOs). The SLOs are basically a learning resource or a tool, aiding candidates in studying the most testable course material. The SLO plan provided in section 7 is indicative and is meant as a study guide. Cognitive levels mentioned are also indicative and students are encouraged to study the subject deeply and beyond the stated cognitive level to enhance their learning. This book is specifically a Syllabus Guide for the “Accounting for Financial Services” course. More information about the ISQ program can be found in the ISQ Handbook or on our website.

The SLOs in Section 6 of this book correspond with the syllabus of a specific course. Each learning objective or SLO begins with a command word, such as, ‘list’, ‘define’, ‘describe’, ‘explain’ etc. Each command word is associated with a cognitive level. The command words help the candidates in identifying the level of detail expected from them in their course of study. The examination questions are also framed using the same type of command words. Please see Section 10 to obtain the definitions of the command words.

The SLOs are classified under three cognitive levels:

- 1 Knowledge (K)
- 2 Understanding (U)
- 3 Application of knowledge and skills (A)

Definitions are provided in Section 10

Candidates must thoroughly review the following sections while preparing for their examination:

- Section 6: Syllabus
- Section 7: Specific Learning Objectives (SLOs)
- Section 8: Scheme of Assessment
- Section 9: Recommended Texts and Reference Materials
- Section 10: Definition of Cognitive Levels and Command Words of the SLOs

This book contains information specific to the Accounting for Financial Services course.

Disclaimer:

The Institute reserves the right to revise its policies, procedures and program structure at any point. Please refer to the Institute’s website for latest information.

5 Aims/ Objectives of the “Accounting for Financial Services” Course

The objective of the “Accounting for Financial Services” course is to equip candidates with fundamental accounting principles and concepts, tools and techniques for analysis, and application along with having knowledge about international standards for financial reporting. The course also provides the understanding and interpretation of financial statements to assist in effective decision-making.

Specific Objectives

After the successful completion of the Accounting for Financial Services course, participants will have:

- Knowledge and understanding of:
 - Types of accounts and accounting cycle
 - Accounting treatment and accounting classifications
 - International accounting principles and financial reporting standards
 - Types of business and business activities
 - Preparation and presentation of financial information
 - Financial statements and its analysis
- The capacity to process data, analyze and interpret the financial information and risks.

6 Syllabus

Accounting for Financial Services

1 The Basics of Business Accounting

- a) Accounting — definition and core concepts
- b) Business transactions and its classifications
- c) Accounting and its functional objectives
- d) The business entity concept and how it differs from legal entity concept
- e) Business activities:
 - i) Operating
 - ii) Investing
 - iii) Financing activities
- f) The basic accounting equation
- g) Introduction to Generally Accepted Accounting Principles (GAAP) and International Accounting Standards (IFRS)
- h) Introduction to financial statements
 - i) Balance Sheet
 - ii) Income Statement
 - iii) Cash Flow Statement
 - iv) Comprehensive Income statement
 - v) Change in equity statement
- i) Elements of financial statements and their classifications
- j) How financial statements for banks are different than those of companies
- k) Financial statements and business decisions
- l) Tangible and Intangible assets
- m) Accounting for consolidation

2 Accounting for Financial Institutions

- a) Banking assets and liabilities
- b) Banking revenue and expenditure items
- c) Contingent and off balance sheet items
- d) Capital requirements for commercial banks

3 Accounting Data Processing

- a) Trial Balance, format and uses
- b) The need for adjusting accounts
- c) Time period concepts and revenue recognition principles
- d) Major types of adjusting entries
 - Accruals
 - Prepayments
 - Advance receipts and payments

- e) Major types of adjusting entries
 - Merchandise inventories
 - Bad debts
 - Depreciation and amortization
- f) Adjusted trial balance
- g) Preparing financial statements from adjusted trial balance
- h) Introduction to worksheet
- i) Closing process through “expense and revenue summary account”
- j) Post closing trial balance
 - Contents
 - Uses

4 Receivables

- a) Creation of accounts receivable
- b) Collection of receivable
- c) Valuation of account
- d) Estimation of bad debts
- e) Aging of accounts receivable
- f) Writing off and recoveries
- g) Notes receivables
- h) Presentation on financial statements

5 Provisioning process

- Importance

6 Accounting for Fixed Assets

- a) Acquisition of fixed assets
- b) Depreciation methods and their effects on financial statements
- c) Intangibles and natural resources – simple accounting appreciation
- d) Typical issues related to tangible and intangible fixed assets
- e) Revaluations in fixed assets

7 Understanding Financial Statements

- a) Profit and loss statement
- b) Balance sheet
- c) Cash flow statement
- d) Statement of equity
- e) Critical elements to ascertain health of the enterprises
- f) Understanding notes attached to financial statements

8 Investments

- a) Accounting classifications
 - Held for Trading
 - Available for Sale
 - Held Till Maturity
- b) Standards relating to accounting classifications
- c) Balance sheet presentation and treatment
- d) Income statement presentation and treatment

9 Analysis of Financial Statement

- a) Horizontal and vertical analysis
- b) Financial ratios including cash flow ratios (Bank financial statement analysis)
- c) Interpretations and applications of financial ratios in banking decisions

7 Specific Learning Objectives (SLOs)

Accounting for Financial Services

Chapter	Candidates Learning Outcome	Cognitive Levels		
		K	U	A
1. The Basics of Business Accounting	Candidates should be able to:			
1.1 Core concepts	a. Identify the core concepts of accounting and explain the need for accounting		*	
1.2 Business transactions	a. Describe the various types of business transactions and the manner in which daily transactions are recorded		*	
	b. List and classify business transactions			*
1.3 Objectives of Accounting	a. List the functional objectives of Accounting	*		
1.4 Business entity concept/ Legal entity concept	a. Discuss the business entity concept		*	
	b. Discuss the legal entity concept		*	
	c. Differentiate between business and legal entity concepts		*	
1.5 Business activities	a. Explain operating activities		*	
	b. Explain investing activities		*	
	c. Explain financing activities		*	
	d. Classify business activities as operating, investing and financing activities			*
1.6 Basic accounting equation	a. Explain the accounting equation		*	
1.7 GAAP/IFRS	a. Discuss the barriers to developing universally accepted set of financial reporting standards		*	
	b. Describe main principles covered under the Generally Accepted Accounting Principles		*	
	c. Describe the main principles covered under International Financial Reporting Standards		*	
1.8 Introduction to financial statements	a. Explain the financial statements i) Balance Sheet ii) Income Statement iii) Cash Flow Statement		*	
	b. Illustrate and interpret the components of the balance sheet			*
	c. Describe the components of income statement, and construct an incomeStatement			*
	d. Differentiate between cash flows from operating, investing, and financing activities and classify cash flow items as relating to one of these three categories: operating, investing, financing		*	
	e. Explain the relationship between financial statement elements and accounts, and classify accounts in the financial statement elements			*
	f. Differentiate between the financial statements for banks and those of companies		*	
	g. Discuss financial statements and business decisions		*	
	h. Define tangible and intangible assets	*		
	i. Define consolidated accounts	*		
	j. List the characteristics of consolidated accounts	*		

2. Accounting for Financial Institutions		Candidates should be able to:			K	U	A
2.1 Understanding how accounting for financial institutions varies from other sectors	a.	List and discuss assets and liabilities criteria's for financial institutions		*			
	b.	List and discuss revenue and expenditure items for financial institutions		*			
	c.	List and discuss contingent and off balance sheet items for financial institutions		*			
	d.	Discuss capital requirements for commercial banks		*			
	e.	Discuss the various types/classes of capital and their treatment		*			
3. Accounting Data Processing		Candidates should be able to:			K	U	A
3.1 Trial Balance	a.	Explain the purpose for which a trial balance is created		*			
	b.	Describe the format and uses of a trial balance		*			
	c.	Discuss the need for adjusting accounts		*			
	d.	Discuss and apply time period concepts and revenue recognition principles			*		
	e.	Explain the major types of adjusting entries <ul style="list-style-type: none"> ▪ Accruals ▪ Prepayments ▪ Advance receipts and payments ▪ Merchandise inventories ▪ Bad debts ▪ Depreciation and amortization 		*			
	f.	Construct the adjusted trial balance				*	
	g.	Prepare financial statements from adjusted trial balance				*	
3.2 Worksheet	a.	Define the worksheet	*				
	b.	Explain the closing process through "expense and revenue summary account"		*			
	c.	State the concept of closing trial balance <ul style="list-style-type: none"> i) Contents ii) Uses 	*				
4. Receivables		Candidates should be able to:			K	U	A
4.1 Understanding Accounts Receivable	a.	Explain the creation of accounts receivable		*			
	b.	Explain the collection of account receivable and the entries		*			
	c.	Describe the methods to calculate the net value of accounts receivables		*			
	d.	Describe bad debts and illustrate how the provisioning applies to the total account receivables in banking			*		
	e.	Explain the concept of aging of accounts receivable		*			
	f.	State and explain the writing off and recoveries of account receivables		*			
	g.	Explain the concept of notes receivables		*			
	h.	State how accounts receivables are presented on financial statements	*				
5. Provisioning Process		Candidates should be able to:			K	U	A
5.1 Importance	a.	Discuss the different variables considered in provisioning		*			
	b.	Describe the process of creating a provision and its accounting treatment and impact on financial statements		*			

6. Accounting for Fixed Assets		Candidates should be able to:	K	U	A
6.1 Fixed Assets	a.	List and explain the different types of fixed assets and how they are recorded in the financial statements.		*	
	b.	Describe the types of acquisition methods of fixed assets		*	
6.2 Depreciation	a.	Describe the types of depreciation methods		*	
	b.	Describe the effects of different depreciation methods on financial statements		*	
6.3 Intangibles	a.	Define the concept of intangible assets and its recording method.	*		
	b.	Define the typical valuation issues related to intangible assets and natural resources.	*		
	c.	Define the concept of goodwill and its treatment method	*		
6.4 Revaluation of fixed assets	a.	State the reasons for revaluation of fixed assets	*		
	b.	List the methods of revaluation	*		
7. Understanding Financial Statements		Candidates should be able to:	K	U	A
7.1 Understanding financial statements of banks and manufacturing concerns	a.	Illustrate the role of key financial statements (income statement, balance sheet, statement of cash flows, and statement of changes in owners' equity) in evaluating a company's performance and financial position;			*
	b.	Distinguish between and illustrate a profit and loss statement of a manufacturing concern and a financial institution			*
	c.	Distinguish between and illustrate a Balance sheet of a manufacturing concern and a financial institution			*
	d.	Distinguish between and illustrate a Cash flow statement of a manufacturing concern and a financial institution			*
	e.	Distinguish between and illustrate a Statement of equity of a manufacturing concern and a financial institution			*
	f.	State the key differences in financial statements of a conventional and Islamic bank	*		
	g.	Discuss the importance of understanding financial statement notes and supplementary information		*	
8. Investments		Candidates should be able to:	K	U	A
8.1 Accounting classifications	a.	Describe and distinguish among accounting classifications of: i) Held for Trading ii) Available for Sale iii) Held Till Maturity			*
	b.	List the standards relating to accounting classifications	*		
8.2 Presentation and treatment in financial statements	a.	Demonstrate the balance sheet presentation and treatment incorporating held for trading, available for sale and held till maturity concepts			*
	b.	Demonstrate the income statement presentation and treatment in case of gain or loss at the time of sale			*
9. Analysis of Financial Statement		Candidates should be able to:	K	U	A
How to analyze financial statements using ratios	a.	Explain and differentiate between horizontal and vertical analysis		*	
	b.	Interpret and apply the financial ratios in banking decisions			*

8 Scheme of Assessment

a) The pattern of the examination paper along with marks distribution is as follows:

Type of Question	No. of Questions	Marks / Question	Total Marks
MCQs	30	1.5	45
CRQs	7	5	35
ERQs	2	10	20
Total	39		100

b) There will be one examination for the course.

c) The duration of the examination will be 3 hours.

d) All Constructed and Extended Response Questions will be in a booklet which will also serve as an answer script.

Key Definitions

i) Multiple-Choice Questions (MCQs)

Multiple-choice question is a form of assessment in which respondents are asked to select the best possible answer (or answers) out of a list of choices. Only one answer can be keyed as correct.

ii) Constructed Response Questions (CRQs)

Constructed Response questions are open-ended, short answer questions that measure application-level cognitive skills as well as content knowledge. These questions provide candidates with the opportunity to generate and weave ideas into a short response. The candidate supplies a response in the form of a few sentences, a graphic organizer, or a simple drawing/diagram with explanation.

iii) Extended Response Questions (ERQs)

Extended constructed-response questions are lengthier and more complex exercises that allow for a finer level of discrimination in scoring the responses. Extended-response questions require candidates to consider a situation that demands more than a numerical response or a short verbal communication. Candidates are required to model, as much as possible, real problem solving in a large-scale assessment context.

9 Recommended Texts & Reference Materials

Recommended Readings

1.	Pakistan, Institute of Bankers	Accounting for Financial Services 2011
2.	Pakistan, Institute of Bankers	Accounting for Financial Services
3.	Meigs, Williams, Haka & Bettner	Financial Accounting

Supplementary Readings

1.	Gillespie, Lewis & Hamilton	Principles of Financial Accounting
2.	Libby, Libby & Short	Financial Accounting

10 Definition of Cognitive Levels & Command Words of the SLOs

i) Cognitive Levels (Knowledge, Understanding and Application)

Knowledge (K)

This requires knowing and remembering facts and figures, vocabulary and contexts, and the ability to recall key ideas, concepts, trends, sequences, categories, etc. It can be taught and evaluated through questions based on: who, when, where, what, list, define, identify, label, quote, name, state, etc.

Understanding (U)

This requires understanding information, grasping meaning, interpreting facts, comparing, contrasting, grouping, inferring causes/reasons, seeing patterns, organizing parts, making links, summarizing, solving, identifying motives, finding evidence, etc. it can be taught and evaluated through questions starting with: why, how, show, demonstrate, paraphrase, interpret, summarize, explain, prove, identify the main idea/theme, predict, compare, differentiate, discuss, chart the course/direction, report, solve, etc.

Application (A)

This requires using information or concepts in new situations, solving problems, organizing information and ideas, using old ideas to create new ones, generalizing from given facts, analyzing relationships, relating knowledge from several areas, drawing conclusions, evaluation worth, etc. It can be taught and evaluated through questions starting with: distinguish, analyze, show relationship, propose an alternative, prioritize, give reasons for, categorize, illustrate, corroborate, compare and contrast, create, design, formulate, integrate, re-arrange, reconstruct/recreate, reorganize, predict consequences etc.

ii) Definition of Command Words

Knowledge

Arrange:	To put something in a particular order
Define (the term or terms):	Only a formal statement or equivalent paraphrase is required. No examples need to be given. Specify meaning.
Find:	A general term that may variously be interpreted as calculate, measure, determine etc.
Give:	Provide meaning or quantity or a fact about something
Identify:	Describe with specific examples of how a given term or concept is applied in daily life
List:	Name item-by-item, usually in one or two words, precise information such as dates, characteristics, places, names.
Measure:	To determine extent, quantity, amount or degree of something as determined by measurement or calculation
Name:	Mention the commonly used meanings of things, objects, people, books, etc
Outline:	Implies brevity, i.e. restricting the answer to giving essentials
Recall:	To bring back to mind and write down, as it is given in the text you have already memorized
Recognize:	Involves looking at a given example and stating what it is
Skim:	To read quickly to search for key information
State:	Implies a concise answer with little or no supporting argument
Use:	To deploy the required attribute in a constructed response
Write:	To construct full sentences of continuous prose, not abbreviated text

Understanding

Acknowledge:	To accept that is true
Appreciate:	To judge with heightened perception or understanding
Arrange:	To put something in particular order
Clarify:	Implies further explanation of any given information that elaborates the key components
Comment:	Present an informed opinion
Compare:	List the main characteristics of two entities clearly identifying similarities (and differences). Identify similarities and differences.
Comprehend:	To understand something that is complicated/difficult
Conceptualize:	Make an understanding on a given topic with the help of examples, graphs and data, etc
Convey:	Use or apply appropriately in context
Deduce:	Go beyond the information given to draw a conclusion which is not explicitly stated in the stimulus material
Describe:	Requires Candidates to state in words (using diagrams where appropriate) the main points of the topic. It is often used with reference either to particular phenomena or to particular experiments. In the former instance, the term usually implies that the answer should include reference to (visual) observations associated with the phenomena.
Develop:	To make an argument or ideas clearer by studying it in more detail. To build a statement
Differentiate:	Identify those characteristics which always or sometimes distinguish two categories
Discuss:	Present advantages and disadvantages or strengths and weakness and give a conclusion
Distinguish:	To identify those characteristics which always or sometimes distinguish between two categories
Draw:	Implies a simple free hand sketch or diagram. Care should be taken with proportions and the clear labeling of parts.
Elaborate:	Clarify or enrich given statements or definitions, by providing relevant details or examples
Eliminate:	To remove a variable from two or more simultaneous equations
Establish:	To prove correct or true on the basis of facts, argument or other evidence to come to conclusion
Explain:	May imply reasoning or some reference to theory, depending on the context
Explore:	To examine or discuss something carefully in order to find out more about it
Express:	Use appropriate vocabulary, language structure and intonation to communicate thoughts and feelings
Follow instruction:	Demonstrate an understanding of the information given especially the required sequence of events
Highlight:	To bring to front, make evident, bring to light, with emphasis
Identify:	Select the most appropriate from many possibilities on the basis of relevant characteristics. It will not normally be expected that the Candidate justifies the choice unless specifically asked to do so.
Illustrate:	To give clear examples to state, clarify or synthesize a point of view
Infer:	Go beyond the information given to identify what is implied but not stated
Interpret:	Clarify both the explicit meaning and the implications of given information
Investigate:	Thoroughly and systematically consider a given problem or a statement in order to find out the result or rule applied
Make a relationship:	Put different items together to develop a set of related data
Outline:	Set out the main characteristics
Paraphrase:	Repeat a text using different words
Point out:	Pick out and recognize specific information from a given content and/or situation

Practice:	Doing an activity or training regularly so that you can improve your skills
Predict/anticipate:	Make inferences about probable/possible turns of event from the information given so far
Present:	To write down in a logical and systematic way in order to make a conclusion or statement
Prove:	Propose a base to support the outcome
Rectify:	To correct something that is wrong
State:	Implies a concise answer with little or no supporting argument
Suggest:	To put forward an idea or a plan
Summarize:	Write a shorter version of a given text capturing the main points and eliminating detail. The writing must be grammatical and the referent of each statement must be clear.
Verify:	To prove, check or determine the correctness and accuracy of laws, rules or reference given in the set task

Application

Analyze:	Use information to relate different features of the components of specified material so as to draw conclusions about common characteristics. Break information into component parts and identify characteristics.
Advise:	Suggest solutions, with justification, to problems
Apply:	To use the available information in different contexts to relate and draw conclusions
Assess:	Make an informed judgment
Calculate:	Show workings to arrive at a numerical answer
Clarify:	Implies further explanation of any given information that elaborates the key components
Classify:	State a basis for categorization of a set of related entities and assign examples to categories
Compare and Contrast:	Involves (a) listing the main points or characteristics of two distinct and (b) clearly identifying similarities and differences between characteristics
Compose:	Form a piece of writing with a number of parts
Comprehend:	To understand something that is complicated/difficult
Construct:	To bring together given elements in a connected or coherent whole
Convey:	Use or apply appropriately in context
Demonstrate:	To show by argument, facts or other evidences the validity of a statement or phenomenon
Derive:	To arrive at a general formula by calculating step by step
Elaborate:	Clarify or enrich a given statement or definition, by providing relevant details or examples
Evaluate:	Make a judgment based on evidence
Formulate:	To develop a plan or proposal and decide all the details of how it will be done
Portray:	To describe or represent something or someone. To describe or show someone or something in a particular way according to your opinion of them
Predict/anticipate:	Make inferences about probable/possible turns of event from the information given so far
Summarize:	To express the most important facts and ideas in a short and clear form

Annexure 1 — Transition Process for Mid-stream Candidates

This section pertains to mid-stream JAIBP candidates (i.e. those ISQ candidates who enrolled and appeared for the JAIBP exams prior to July 2011 and have not completed their JAIBP as of July 2011). Mid-stream JAIBP candidates are requested to review this section thoroughly. This section provides mid-stream candidates with the details of the transition process, the impact that the structural changes in the JAIBP program will have on them and how they will be facilitated to complete their JAIBP program under the new structure.

Old Structure	New Structure
Stage 1	
Business Communication for Financial Services *	Business Communication for Financial Services *
Laws Relating to Financial Services **	Introduction to Financial Systems and Banking Regulations **
Accounting for Financial Services ***	Information Technology in Financial Services ***
Macro Economics and Financial System of Pakistan ****	Branch Banking ****
Stage 2	
Information Technology in Financial Services ***	Accounting for Financial Services ***
Lending Operations and Risk Management **	Lending: Products, Operations and Risk Management **
Human Resource Management — Basic Practices **	Human Resource Management and Organizational Behavior **
Marketing of Financial Services ***	Economics **
Stage 3	
Monetary Economics **	Marketing of Financial Services ***
International Trade Finance & Forex Operations *	Finance of International Trade & related Treasury Operations **
Management Accounting for Financial Services *	Management Accounting for Financial Services *

* Same as before in terms of sequence

** Expansion in contents

*** Changed the sequence of appearance

**** New or changed course

The structural changes made to the ISQ program are discussed in detail below:

Stage shifts

- “Accounting for Financial Services” has been moved from Stage 1 to Stage 2
- “Information Technology in Financial Services” has been moved from Stage 2 to Stage 1
- “Marketing of Financial Services” has been moved from Stage 2 to Stage 3

Course merger/ restructuring

- “Macro Economics and Financial Systems of Pakistan” has been broken into two components:
 - i) The first component, namely “Macro Economics” has been merged with “Monetary Economics” and the resultant course has been named “Economics”

- ii) The second component, namely “Financial System of Pakistan” has been merged with “Laws Relating to Financial Services” and the resultant course has been named “Introduction to Financial Systems & Banking Regulations.”
- This means that the Economics syllabus will now cover both macro and monetary economics, whereas Laws relating to Financial Services and Financial system of Pakistan will be covered in the subject namely, “Introduction to Financial Systems & Banking Regulations.”
 - We have also introduced a new course “Branch Banking” as it is a crucial pillar of the banking sector and requires a dedicated subject for its peculiarities to be addressed in detail.

Impact of Structural Changes on Mid-stream Candidates

The above-mentioned structural changes of the JAIBP program will impact the mid-stream candidates in several ways. Hence, there is a need to create a ‘bridge’ to help mid-stream candidates who are in the process of completing their course requirements convert to the new JAIBP structure.

The six different ways in which Mid-stream candidates will be affected are as follows:

1 Course Equivalence

The table below details how equivalences for 8 courses (with none or only minor changes) in the existing structure will be handled:

Straight Equivalence

Subjects based on Old JAIBP Syllabus	Corresponding Equivalent Subjects In The New JAIBP Syllabus
Subjects with no structural changes:	
If the mid-stream candidate has passed:	s/he will be exempted from:
Business Communication for Financial Services	Business Communication for Financial Services
Accounting for Financial Services	Accounting for Financial Services
Information Technology in Financial Services	Information Technology in Financial Services
Marketing of Financial Services	Marketing of Financial Services
Management Accounting for Financial Services	Management Accounting for Financial Services
Subjects with minor course enhancements:	
If the mid-stream candidate has passed:	s/he will be exempted from:
Lending Operations and Risk Management	Lending: Products, Operations and Risk Management
Human Resource Management — Basic Practices	Human Resource Management and Organizational Behavior
International Trade Finance & FOREX Operations	Finance of International Trade & related Treasury Operations

If the mid-stream candidate is yet to pass any of the above subjects, now they will have to pass the equivalent subjects as per the new structure

Equivalence for Restructured/ Merged Courses

For the remaining 3 courses in the JAIBP, namely “Laws Relating to Financial Services,” “Macro Economics and Financial System of Pakistan” and “Monetary Economics,” major structural changes have been made. All possible scenarios for mid-stream candidates have been captured in the 6 cases given below.

Case 1

In the old JAIBP structure, if the mid-stream candidate has NOT passed both “Laws Relating to Financial Services” and “Macro Economics and Financial System of Pakistan,” s/he will have to appear in “Introduction to Financial Systems & Banking Regulations.”

Case 2

In the old JAIBP structure, if the mid-stream candidate has passed both “Laws Relating to Financial Services” and “Macro Economics and Financial System of Pakistan,” s/he will be given an exemption in “Introduction to Financial Systems & Banking Regulations” in the new structure.

Case 3

In the old JAIBP structure, if the mid-stream candidate has only passed “Laws Relating to Financial Services,” or has only passed “Macro Economics and Financial System of Pakistan,” s/he will have to appear in “Introduction to Financial Systems & Banking Regulations” as per the new ISQ structure.

Case 4

In the old JAIBP structure, if the mid-stream candidate has only passed “Macro Economics and Financial System of Pakistan” and has not passed “Monetary Economics,” s/he will have to appear in “Economics” as per the new ISQ structure.

Case 5

In the old JAIBP structure, if the mid-stream candidate has passed both “Macro Economics and Financial System of Pakistan” and “Monetary Economics,” s/he will be given an exemption in “Economics” in the new structure.

Case 6

In the old JAIBP structure, if the mid-stream candidate has passed “Laws Relating to Financial Services,” “Macro Economics and Financial System of Pakistan” and “Monetary Economics,” s/he will be given an exemption in “Introduction to Financial Systems & Banking Regulations” and “Economics” in the new structure.

NOTE: All mid-stream candidates who have more than 4 courses remaining to complete their JAIBP will have to pass an additional “Branch Banking” course.

2 Stage Completion

Three courses have been moved to align the JAIBP courses better with the requirements in the careers of Pakistani bankers. Details are given in the table below:

Course Name	Stage shift
Accounting for Financial Services	Moved down from Stage 1 to Stage 2
Information Technology in Financial Services	Moved up from Stage 2 to Stage 1
Marketing of Financial Services	Moved down from Stage 2 to Stage 3

Details of how different scenarios will be handled are given below:

- A stage completed by a candidate as per the earlier course structure will remain complete after these changes take effect. However, such mid-stream candidates will be required to fulfill the stage completion requirements as per the new course structure and pass the remaining courses in the next two attempts (i.e. in Winter 2011 and Summer 2012).
- Mid-stream candidates who have started a stage but not yet completed it will now have to fulfill the requirements of stage completion as per the new course structure.

3 Stage Commencement Eligibility

All mid-stream candidates will have to comply with the requirements to start the next stage as per the new course structure. Specific cases for each stage are given below:

- To start Stage 2, mid-stream candidates will have to pass at least two courses of Stage 1 as per the new structure and appear for the remaining courses in Stage 1 in the same session.
- To start Stage 3, candidates will have to pass all courses of Stage 1 and at least two courses of Stage 2 as per the new course structure and appear for the remaining courses in Stage 2 in the same session.

4 ISQ Completion for Mid-stream Candidates who have 4 or Less Courses Remaining

All mid-stream candidates who have 4 or less courses remaining for completion of their JAIBP will not have to appear for the additional 'Branch Banking' course to complete their JAIBP, provided that they pass the remaining subjects by Summer 2012. However, such candidates can opt to take the "Branch Banking" course if they so wish.

5 Additional Time Period and Chances Allowed for Mid-stream Candidates

- i) Mid-stream candidates who have to take the additional Branch Banking Course
All mid-stream candidates with 5 or more courses remaining will have to take the additional Branch Banking Course under the new structure and will be allowed 12 chances or a time period of 6 years to fulfill their course requirements for the ISQ program.

- ii) Mid-stream candidates who DO NOT take the additional Branch Banking Course
All mid-stream candidates who complete the ISQ program according to the old structure and have 4 or less courses remaining will be allowed 10 chances or a time period of 5 years to fulfill their course requirements for the ISQ program.

6 Award of Associate Chartered Banker title by UK's Chartered Banker Institute

All mid-stream candidates who wish to acquire the Associate Chartered Banker title by UK's Chartered Banker Institute will be required to appear for a Comprehensive Test.

Test schedule and details will be available at a later date.



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