

MIS 201 Introduction to Management Information System (BBABI 5th Semester)

Course Objectives

The course will introduce students to get a comprehensive knowledge and understanding on why information systems are so important today for business and management, evaluate the role of the major types of information systems in a business environment and their relationship to each other, assess the impact of the Internet and Internet technology on business electronic commerce and electronic business.

Course Description

This course provides an introduction to information systems for business and management. It is designed to familiarize students with organizational and managerial foundations of systems, the technical foundation for understanding information systems, the role of information systems in enhancing business processes and management decision making across the enterprise, and the process of building and managing systems in organizations. The course will focus on topics such as Internet and Internet technology, the Electronic Business and Electronic Commerce, the Information Technology (IT) Infrastructure, the Enterprise Applications. The course will provide students with information systems knowledge that is essential for creating successful and competitive firms.

Course Outcomes

Upon completion of this course, students will be able to:

- understand the basic concepts and technologies used in the field of management information systems;
- have the knowledge of the different types of management information systems;
- understand the processes of developing and implementing information systems;
- understand the role of information systems in organizations, the strategic management processes, and the implications for the management;
- develop an understanding of how various information systems work together to accomplish the information objectives of an organization;
- learn about the importance of managing organizational change associated with information systems implementation.

Course Contents

Unit I: Computer System

6 hours

Introduction to computer technology, Computer System Concepts, Types of Computer Systems, Computer System Concepts, Memory (Primary Storage, Secondary Storage, Cache), CPU- Central Processing Unit, Hardware (Input Devices, Output Devices), Software and its Classification, Types of Computer System.

Unit II: Foundation of Information System

11 hours

Data, Data processing, Information, Information System, Characteristics of Information System, Need of Information Systems in Business, Fundamental Resources of Information System, Potential Risks of Information System, Types of Information System (TPS, MIS, DSS, ESS) Definition, Objectives of MIS, Characteristics, Applications of MIS, Benefits and

Limitations of MIS, Approaches of MIS Development, Implementations of MIS, Systems Development Life Cycle (SDLC) and its Stages, Success and Failure of MIS.

Unit III: Telecommunication and Network

5 hours

Networking the Enterprise, The Concept of a Network, The Business Value of Telecommunications Networks, Types of Telecommunications Networks, Telecommunications Media, Network Topologies, Trends in Telecommunications.

Unit IV: Data Resource Management and DSS

12 hours

Fundamental Data Concepts, Database structures, Database Development, Types of Databases, Technical Foundation of Database Management, Data warehouses and Data Mining, Decision Support in Business, Decision Structures, Decision Support Trends Decision Support Systems, Online Analytical Processing, Using Decision Support Systems. Practical: Microsoft Access, Database Design, Creating New Database, Setting up Tables, Form and Report Design.

Unit V: Business Applications

8 hours

E-business systems, Customer Relationship Management, Customer Relationship Management CRM, Three Phases of CRM, Benefits and Challenges of CRM, Trends in CRM, Enterprise Resource Planning, Enterprise Resource Planning ERP Benefits and Challenges of ERP, Trends in ERP Supply Chain Management SCM, Roles of SCM, Benefits and Challenges of SCM, Trends in SCM, E-commerce Systems, E-Commerce and its scope, Essential e-Commerce Processes, Electronic Payment Processes

Unit VI: Functional Applications of Hospitality Information System

6 hours

Introduction to Hospitality Information System, Characteristics of Hospitality Information System, Computer Reservation System (CRS), Global Distribution System (GDS), Property Management Systems (PMS), Point of Sales Systems (POS)

References

1. O'Brien, J. A, Marakas, G. M. *Management Information Systems*. McGraw Hill, New York:
2. Kenneth, C. L. Jane P. L *Management Information Systems*. Pearson Education, New Jersey
3. Tesone, D. F. *Hospitality Information System & E-commerce*. John Wiley & Sons, New Jersey

FIN 336 Financial Institutions and Markets (BBABI 5th Semester)

Course Objectives

The objective of this course is to provide the student with the conceptual framework and theoretical foundation necessary to understand the organization, structure, regulations and functioning of the various financial institutions and markets operating in an economy.

Course Description

This course provides broad overview of the structure, function and the role of financial institutions and markets in the economy. Student will have an opportunity to study important financial institutions such as central bank, commercial banks, investment banks, insurance companies, pension funds and investment companies. They will also study the organization, instruments and participants of money, bond and stock markets. Finally, they will also study the level, term-structure and the theories related to the interest rates.

Course Outcomes

By the end of this course, students should be able to:

- understand fundamental concepts of financial institutions and markets including the role of financial system in the economy;
- describe the function of the central bank including the tools it uses to affect the economy;
- explain theories that describe the level and term structure of interest rates;
- identify money markets securities, compute yields and analyze the risk on money market securities;
- explain the features of long-term debt securities, their ratings, indexes and markets;
- understand how the stock market operates and how the stock indexes are constructed and interpreted;
- analyze size, structure and composition of commercial banking industry;
- identify the sources and uses of funds of commercial banks;
- analyze various types of risks in commercial banking industry;
- explain the regulation of deposits, operations and the capital of commercial banks; and
- explain functions performed by other types of financial institutions – insurance companies, mutual funds, pension funds, securities firms and other lending and saving institutions.

Course Contents

Unit I: The Role of Financial Institutions and Markets

4 hours

Meaning of financial markets and institutions; functions of the financial markets; classification and diversity of financial markets; types of financial institutions and their functions; classification of financial institutions in Nepal.

Unit II: Central Banking**4 hours**

Meaning and functions of central bank; monetary policy tools of the central bank; effects of monetary tools on various economic variables; Nepal Rastra Bank and monetary policy tools in Nepal.

Unit III: Determination and Structure of Interest Rates**5 hours**

Determination of interest rates: loanable fund theory; economic forces affecting interest rates; forecasting interest rates. Structure of interest rates: characteristics of debt securities and yield variation; explaining actual yield differentials; theories of term structure of interest rates; uses of the term structure.

Unit IV: The Money Market**5 hours**

Introduction of money market; yields on money market securities; money market securities; money market participants; international money market; risk of money market securities.

Unit V: The Bond and Stock Market**10 hours**

Bond markets: bond market securities – Treasury notes and bonds, strips; municipal bonds – types and trading process; corporate bonds – bond characteristics, bond ratings, bond market index, comparison of bond market securities; international bond market securities – euro bonds, foreign bonds, Brady bonds and sovereign bonds. Stock market: stock market securities – common stock and preferred stocks; primary and secondary stock markets; stock market indexes; regulations of stock market and the role of Nepal Securities Board; international stock market.

Unit VI: Commercial Banks**10 hours**

Services provided by commercial banks; size, structure, and composition of the industry; technology in commercial banking; sources and uses of funds of commercial banks; off-balance sheet activities; regulatory structure of banks; regulation of bank deposit, operation and capital; risk in commercial banks – credit risk, liquidity risk, interest rate risk, market risk, off-balance sheet risk, foreign exchange risk, country risk, technology and operational risk, insolvency risk.

Unit VII: Other Financial Institutions**10 hours**

Insurance companies: life insurance companies – size, structure and composition of the industry; property-casualty insurance companies – size, structure and composition of the industry; regulation of insurance companies. Mutual fund: size, structure and composition of the industry; different types of mutual fund; mutual fund prospectus and objectives; net assets value; mutual fund costs. Pension fund: insured versus noninsured funds, defined benefit versus defined contribution pension funds, private pension funds versus public pension funds. Security firms and investment banks: services offered by securities firms versus investment banks. Other lending and saving institutions: meaning and functions of saving associations, saving banks, credit unions, finance companies.

Basic Texts

1. Saunders, A. & M. M. Cornett. *Financial markets and institutions*. New Delhi: Tata McGraw-Hill Education.
2. Madura J. *Financial markets and institutions*. Singapore: Cengage Learning.

References

1. Meir Kohn: *Financial Institutions and markets*. New Delhi: Oxford University

Press.

2. Fabozzi, Frank J., Modigliani, Franco, Jones, Frank J., and Ferri, Michael. *Foundations of financial markets and institutions*. Delhi: Dorling Kindersley (India).
3. Bhandari, D. B. *Financial institutions and markets*. Asmita Books Publishers & Distributors.
4. Bhole, L. M. and Mahakud, Jitendra. *Financial institutions and markets*. New Delhi: Tata McGraw Hill Education.

FIN 232 CREDIT **RISK MANAGEMENT**

(BBABI 5th Semester)

Course Objectives

The course aims to equip students with knowledge and skills necessary to understand the credit management function in banking institutions and acquaint them with tools and methods available to manage credit. The course attempts to enable students to understand major tasks performed by credit management department of a bank and make decisions related to sound credit management.

Course Description

This course provides an understanding of the credit process, the assessment of credit risk and managing credit risk for various types of credit facilities. Specifically, this course conceptualizes on the key areas of the credit management process: credit appraisal, administration, monitoring and review. It discusses financial and non-financial factors that affect the creditworthiness and presents comprehensive coverage of credit appraisal, credit execution and administration, and loan review process.

Course Outcomes

On successfully completing this subject, students will be able to:

- understand the nature of bank lending activities and credit risk;
- apply the principles of good lending in assessing credit propositions from bank customers;
- conduct credit analysis for the purpose of bank lending;
- perform quantitative and qualitative analysis for assessment of creditworthiness of borrowers;
- structure, price and market loan products in a competitive way;
- identify and work-out problem loans;
- apply various techniques to mitigate credit risk; and
- demonstrate knowledge and skills required for credit risk management in a bank.

Course Contents

Unit I: Introduction to Bank Credit Management

4 hours

Meaning and significance of credit management;; types of credit facilities: funded and non-funded facilities; steps in lending process; credit information and the role of Credit Information Bureau; and management of credit portfolio.

Unit II: Policies and Structure for Credit Management

4 hours

Principles and regulation of lending; credit policies and procedures; credit manuals; organization of credit function; and credit committee.

Unit III: Credit Evaluation Process

5 hours

Credit scoring; credit ratings; financial analysis; ratio analysis: profitability ratios, liquidity ratios and measures, measuring efficiency, financial leverage, review of financial indicators; common size statement analysis.

Unit IV: Commercial and Industrial Lending**10 hours**

Role of asymmetric information in lending; the competitive environment; loan policy; making loan; principal lending activities; collateral: characteristics of good collateral, types of collateral; the lending process: evaluating a loan request, structuring commercial loan agreements, pricing commercial loan, and monitoring and loan review.

Unit V: Real Estate and Consumer Lending**7 hours**

Real estate lending: mortgage debt outstanding, characteristics of mortgage loan, the real estate portfolio, residential mortgage loan, alternative mortgage instruments, technology, commercial real estate loan; consumer lending: types of consumer loan, leases, finance charges, annual percentage rate, real estate and consumer credit regulation.

Unit VI: Non-Fund Based Facilities**5 hours**

Bank guarantees; letter of credit: meaning and types, establishing letter of credit, parties involved, basic documents, risk assessment in letter of credit.

Unit VII: Credit Administration, Monitoring and Review**8 hours**

Credit structuring; bank documentation; types of securities and methods of creating charge over securities; loan covenants; credit file and credit evaluation memo; sanction and disbursement; follow up mechanism for monitoring; indicators of problem loans; credit audit; handling problem loans: credit restructuring; non-performing assets and provisioning norms.

Unit VIII: Credit Risk and Mitigation**2 hours**

Characteristics of credit risk, indicators of credit risk, credit risk and bank failure, mitigating credit risk.

Basic Texts

1. Rose, P.S., & Hudgins, S. C.(2010). *Bank management and financial services*. New Delhi: Tata McGraw Hill Education Pvt. Ltd.
2. Gup, B. E. & Kolari, J. W. (2005). *Commercial banking*. New Delhi: Willey India.

References

1. Murali, S. & Subbakrishna, K. R. (2015). *Bank credit management*. Mumbai: Himalayan Publishing House.
2. Vijayaragavan, G. (2009). *Bank credit management: Text and cases*. Mumbai: Himalaya Publishing House.
3. Gestel, T. V. & Baesens, B. *Credit risk management*. New York: Oxford University Press.
4. Nepal Rastra Bank. *Risk management guidelines*.
5. Nepal Rastra Bank. *Unified directives*.

MGT 314 Management of Human Resources (BBABI 5th Semester)

Course Objectives

This course serves as an introduction to Human Resources Management (HRM) and its contributions to the workplace. Today's organization faces a variety of complex issues, such as globalization, demands for increased productivity, strategic planning and compliance with government legislation. In today's world, "people" provide the competitive advantage, and HR policies and practices have a significant impact on the bottom line and overall performance of an organization.

Course Description

The course will examine the evolution of HR from a primarily administrative function to a strategic partner and decision maker in the organization. Among other things, the course will look at the effective management of human capital, the importance of attracting and retaining employees, managing a diverse workforce, recognizing employee rights, and legislative requirements. The course specifically deals with the concepts and issues relating to recruitment, selection, and retention practices, evaluating performance, employee development, compensation regulations, employee relations as well as related areas.

Course Outcomes

On successful completion of this course, students will be able to:

- Discuss the relationship between human resource management, the organization and its internal and external environment;
- Explain the concepts and principles of HR planning, job analysis and job design and define the related terms like job description and job specification;
- Explain the recruitment and selection processes and methods;
- Explain the concept, purpose and techniques of employee training, training needs identification, management development, and career development;
- Demonstrate understanding of the performance appraisal concept and examine the techniques of measuring individual performance;
- Discuss the conceptual framework of job evaluation, compensation and rewards management and their application in organizational context;
- Explain the nature of occupational disease, health and safety programs, and responses that ensure legal compliance;
- Explain the concept of labour relations system, collective bargaining, grievance handling, disciplinary actions and industrial actions.

Course Contents

Unit I: Human Resources Management: Concept and Context

5 hours

The concept of HRM; Functions of HRM; Changing dimensions of HRM; Changing role and challenges of HRM managers; Essential skills for HR managers; Purpose and structure of HR department; HRM as a shared function; External and internal context of HRM; HRM in the Nepalese context.

Unit II: Human Resources Planning and Recruitment**8 hours**

Job requirements - the role and importance of jobs; Relationship of job requirements to HRM functions; Job analysis and Job design – concepts, methods and outcomes; Human resources planning – importance, purpose and major elements of HR planning; HR inventory; Replacement and succession planning; Recruiting from within and outside the organization; Recruitment of protected classes; Electronic recruitment; Selection process; Matching people and jobs; Sources of information about job candidates; Employment interview; Employment tests; Reaching a selection decision; Issues of gender in recruitment and selection; Induction and placement.

Unit III: Training and Career Development**8 hours**

Training as a system; Training as a tool for developing work culture; Designing training programs; Training needs assessment – concept and methods; Training non-managerial employees; Training managers and supervisors; Training methods; Psychological principles of learning; Evaluation of training programs; Career development - phases and objectives of career development; Management development techniques; Emerging concepts of HRD – leadership development, talent management, empowerment, mentoring; HRD practices in Nepalese organizations - career management and employee retention issues.

Unit IV: Performance Appraisal**4 hours**

Concept, process and benefits of performance appraisal; Performance appraisal methods; Appraisal interviews; Factors affecting performance appraisal; PA practices in Nepalese organizations; Improving employee performance; Counseling employees with problems.

Unit V: Compensation Management**6 hours**

Concept, process, methods of employee compensation; Job evaluation systems – concept and methods; Compensation structure and components; Employee benefits – incentive system, gain sharing, employee benefits and services, types of employee benefit; Incentives for management employees; Governmental regulations of compensation in Nepal – minimum wages, welfare and incentive provisions, retirement benefits; Issues in compensation management in Nepal.

Unit VI: Safety and Health at Work**3 hours**

Legal requirements for safety and health; Accidents; Occupational diseases and other health issues; Sexual harassment at work; Drug and alcohol related problems; Creating a safe and healthy work environment; Emerging concepts and issues in OHS.

Unit VII: Industrial Relations and Disciplinary System**9 hours**

Disciplinary policies and procedures; Types of disciplinary actions; Grievance handling methods and mechanisms; Methods of reducing complaints; Industrial relations system – concept, process and issues; Trade unions - structures, functions, and leadership; Trade union issues in Nepal; Industrial disputes – nature and types; Government regulations of labor relations; Collective bargaining process and contract administration; Trends and issues in collective bargaining in Nepal.

Basic Texts

1. DeCenzo, D. A. and Robbins, S. P. *Fundamentals of Human Resources Management*. Wiley India, New Delhi.

2. Dessler, G. and Verkey, B. *Human Resource Management*. Prentice Hall of India, New Delhi.

References

1. Gilmore, S. and Williams, S. *Human Resource Management*. Oxford University Press, New Delhi.
2. Halder, U. K. and Sarkar, J. *Human Resource Management*. Oxford University Press, New Delhi.
3. Ivancevich, J. M. *Human Resource Management*. Tata McGraw Hill, New Delhi.
4. Adhikari, D. R. *Human Resource Management*. Buddha Publications, Kathmandu.
5. Acharya, B. S. *Introduction to Human Resource Management: Text, Cases and Applications*. Asmita Books, Kathmandu.
6. Agrawal, G. R. *Human Resource Management*. K. K. Publications, Kathmandu.
7. Jyothi, P. and Venkatesh, D. N. *Human Resource Management*. Oxford University Press, New Delhi.

MKT 241 Principles of Marketing (BBABI 5th Semester)

Course Objectives

This is the foundation course on marketing. It aims to build students' understanding of the marketing process and principles. Through this course, students also acquire skills to design marketing strategies of SMEs.

Course Description

This course focuses on operation of the marketing function in a dynamic and competitive environment. It deals comprehensively on issues of emerging marketing practices and challenges, the dynamics of the marketplace, and designing of marketing mix. The course includes topics that help students to understand marketing process and environment, information systems and buyer behavior, segmentation, targeting, and positioning strategies, and strategies related to marketing mix variables.

Course Outcomes

By the end of this course, students should be able to:

- describe the tasks of marketing management in the modern organizations;
- understand the development of the marketing philosophies and their relevance in the contemporary business world;
- identify the challenges faced by marketers in the 21st century;
- identify the micro and macro environmental forces that determine the success of marketing efforts;
- examine the role of marketing information system in designing marketing strategies;
- understand the buying process and influencing factors related to individual consumer and organizations;
- design basic strategies related to market segmentation, targeting, and product positioning;
- analyze the strategies related to marketing mix variables.

Course Contents

Unit I: Marketing and Marketing Environment

12 hours

Introduction to Marketing and Marketing Management: Meaning of marketing; Evolution of the Marketing philosophies (marketing concepts); Basic principles of the marketing concept and holistic marketing concept. Meaning and tasks of marketing management.

Marketing in the Contemporary World: Marketing challenges of the 21st century and firms' responses to the challenges; Concept, relevance and practices of relationship marketing, green marketing, e-marketing, pyramid (C2C) marketing and rural marketing.

Marketing Mix: Components of the marketing mix for products and services.

Marketing Environment: Meaning and scope of marketing environment; Micro environment variables, and Macro environment variables; Reactive and proactive marketing. Marketing environment in Nepal.

Unit II: Marketing Information System and Buyer Behavior**10 hours**

Marketing Information System: Concept and relevance; Components of the marketing information system; Marketing research areas and process.

Buyer Behavior: Organizational buyer behavior – Buying process and influencing factors. Consumer behavior – buying process and influencing factors. Consumer movement and consumer protection.

Unit III: Segmentation, Targeting and Positioning Strategies**4 hours**

Segmentation: Concept, process and requirements; levels of segmentation; bases for segmenting consumer and organizational markets.

Targeting: Segment evaluation, analysis and selection.

Positioning: Concept and types of positioning; product positioning process.

Unit IV: Product, Pricing, Distribution and Promotion Strategies**22 hours**

Product: Concept and levels of the product; product classifications; Product life cycle stages and strategies; New product development process; Branding strategies – branding objectives, types of brand, and concept of brand equity; Packaging: functions and levels of packaging; essentials of a good package; Product line and mix strategies; Service product strategies: service marketing concept, characteristics of services and marketing strategies; management of people, physical evidences, and process.

Pricing: Concept of price and pricing; Importance of pricing; Internal and external price factors; Pricing approaches – cost-based, demand-based, value-based and competition-based approaches; New product pricing; price lining, price adjustments, initiating and responding to price changes.

Distribution: Concept and objectives; Channel functions; Channel designs for consumer and industrial products; Channel selection factors; Channel conflicts and their resolution. Marketing logistics: Concept, nature and objectives; major logistics functions – transportation, warehousing, inventory management, order processing, and customer services decisions.

Promotion: Concept; Marketing communication process and systems; promotion mix components; promotion mix determination factors. Advertising: Nature and objectives; Advertising budgeting approaches; Advertising message design factors; Advertising media selection factors. Personal Selling: Nature and relevance of personal selling; Types of personal selling. Sales Promotions: Nature and objectives; Sales promotion tools and techniques. Public Relations: Nature and objectives; tools of public relations. Direct marketing: Concept and relevance; Methods of direct marketing.

Basic Texts

1. Kotler, Philip, Gary Armstrong, Prafulla Agnihotri and Ehsan ul Haque. *Principles of Marketing: South Asian Perspective*. New Delhi: Prentice Hall of India.
2. Baines, Paul, Chris Fill and Kelly Page. *Essentials of Marketing*. New Delhi: Oxford University Press.

References

1. Koirala, K.D. *Principles of Marketing*: Kathmandu: Buddha Academic Publications.
2. Kamarulzaman, Yusniza and Nor Khalidah Abu. *Principles of Marketing*: New Delhi: Oxford University Press.

FIN 233 Life and Health Insurance (BBABI 6th Semester)

Course Objectives

The aim of this course is to provide students broad knowledge on the principles and practices of life and health insurance. Upon completion of this course, the students will also acquire skills useful to apply the principles and practices in managing life and health insurance business.

Course Description

This course mainly covers: fundamental principles of life insurance, types of life insurance policies, life insurance contractual provisions, underwriting and claim settlement processes, buying life insurance, group insurance and annuities, individual health insurance coverage, and life insurance market.

Course Outcomes

On successful completion of this module students will be able to:

- understand fundamental principles of life insurance;
- evaluate the significance of different types of insurance policies and their contractual provisions;
- follow the procedures of underwriting and claim settlement in case of life and health insurance;
- determine the cost, rate of return and tax implications of life policies and annuities
- explain major aspects of group insurance along with their benefits and costs;
- explain individual health care coverage and identify problems of health care; and
- understand the life insurance market and its participants.

Course Contents

Unit I: Introduction

4 hours

Meaning of life insurance; economic value of life, brief history of life insurance in the world, and Nepal.

Unit II: Fundamentals of Life Insurance

6 hours

Premature death; financial impact of premature death on different types of families; amount of life insurance to own; methods of providing life insurance protection.

Unit III: Life Insurance Contract

6 hours

Requirements of life insurance contract; proposal form; agent's report; medical report; insurance policy; coverage; adds on cover; exclusion; policy condition; schedule; life insurance contractual provisions.

Unit IV: Life Insurance Underwriting and Claim Settlement

10 hours

Guiding principles in life insurance; life underwriting process; mortality table; premium; different reserves and provisions; investment of life insurance fund; nomination and assignment; policy lapse and revival. Life insurance claim settlement process; maturity claim; death claim; obligation of policyholders and insurers; settlement option; paid up value; surrender value and their calculation; valuation and surplus.

Unit V: Types of Life Insurance Policies**5 hours**

Term life insurance; whole life insurance; endowment life insurance; variation of whole life insurance; other types of life insurance; life insurance products in Nepal.

Unit VI: Buying Life Insurance**5 hours**

Determining the cost of life insurance; rate of return on saving components; taxation of life insurance in Nepal; shopping for life insurance.

Unit VII: Group Insurance and Annuities**6 hours**

Group insurance; group life insurance; group accident insurance; group health insurance; annuities; taxation on annuities, individual retirement account.

Unit VIII: Health Insurance**6 hours**

Health insurance: group and individual health insurance; hospital-surgical insurance; major medical insurance; third party administrator; shopping for health insurance; health care problem in Nepal.

Basic Texts

1. Regda, E. G., *Principles of risk management and insurance*, Pearson Education, India.
2. Black, Kenneth Jr. & Skipper, Harrold D. Jr., *Life & health insurance*, Pearson Education, India.

References

1. Kutty, Shashidharan K., *Meaning life insurance*. Delhi: Prentice Hall of India.
2. Indian Institute of Banking and Finance, *Risk management*. Delhi: Macmillan India Ltd.
3. Harrington, S. E., *Risk management and insurance*. Delhi: Tata McGraw- Hill Publishing Company.
4. Holyoake, J. & Weipers, W. *Insurance*, Delhi: A.I.I.B.S. Publishers and Distributors.
5. Balachandran S., Thomas, George E., Choubal, A.S., Sharma, Madhuri & Nalkur, Nandini, *Practice of life insurance*, Insurance Institute of India, India
6. Mishra M.N. & Mishra S.B., *Insurance principles and practice*. Delhi: S. Chand & Company Ltd., India
7. Beema Samiti, *Directives to insurance companies*.

CMP 261 Essentials of E-Business (BBABI 6th Semester)

Course Objectives

This course is designed with the objective of defining the nature and scope of e-business technologies along with a brief history of their development and implementation. The course familiarizes students with the way e-business technologies can be applied within business firms. This subject considers the organizational dimension of e-business implementation in order to reflect the likely nature of future challenges and opportunities.

Course Description

First, this course introduces students to the fundamental concepts, philosophies and trends that provide the context of E-business and E-Commerce. Students will then be better able to understand and apply, with confidence, the technical and theoretical knowledge that will be learned in later sections. Additionally, students are required to prepare a report on E-Business Plan and present it for class-room discussion.

Course Outcomes

After going through this course, students should be able to:

- Define the nature and explore the scope and economic and social impact of e-business technologies;
- Critically assess the potential for efficiency gains and growth in consumer power from e-business technologies;
- Understand the role of technology in e-business and trace its evolution;
- Assess the likely consequences of e-business technologies for change at the societal level;
- Understand the concept and role of digital marketing and e-payment systems;
- Gain awareness of the nature and scale of challenges in the business environment that will affect the future development of e-business.

Course Contents

Unit I: Introduction

6 hours

Concept of e-business; Nature, scope, and impact of e-business technologies; Difference between e-business and e-commerce; History and development of e-business; Advantages of e-business; Business model for e-products and e-services; Contribution of e-business technologies to economic growth, market, competitiveness, and productivity.

Unit II: Technologies in e-business

8 hours

Introduction; e-business technologies - hardware, e-business software applications, internet and World Wide Web; Database management system; e-business security; Online payment technology; IT/IS evaluation and e-business; Social consequences of e-business technologies.

Unit III: Digital Marketing

7 hours

Concept; Effects of e-business technologies on marketing strategy, customer retention and e-CRM; Measuring the extent of digital marketing activity; Market analysis; Digital marketing tools; Viral marketing.

Unit IV: E-Business and Operations management**6 hours**

Difference between purchase and procurement; Market solutions - sell-side, buy-side, and market place; Integration of product catalogue; Procurement service providing.

Unit V: E-Contracting**4 hours**

Concept of generic services - information, negotiation, archiving, enforcement, reconciliation; Structure of a contract; Digital signature; Legal affairs.

Unit VI: Online Distribution**5 hours**

Components of a distribution system; Characterization of online distribution; hybrid distribution networks; Model for electronic software distribution.

Unit VII: E-Payment System**6 hours**

Characteristics of payment system; Classification of payment systems - E-cash, E-check, overview of smart card; Applications of IPSec.

Unit VIII: E-Business Plan Development**3 hours**

Students must develop an E-Business Plan; The business plan must incorporate IT-features that would address complete requirements to run a specified business.

Basic Texts

1. Jonathan R. J. E-Business A management perspective, Oxford University Press, New Delhi.
2. Chan, H., Lee, R. Dillon, T., and Chang, E. E-Commerce: Fundamentals and Applications, John Wiley & Sons, New Delhi.

References

1. Kulkarni, P., Jahirabadkar, S. and Chande, P. E-Business. Oxford University Press, New Delhi.
2. O'Brien, J. A., Marakas, G. M., and Behl, R. Management Information Systems. Tata McGraw Hill, New Delhi.
3. Rajaraman, V. Introduction to Information Technology. Prentice Hall of India, New Delhi.

FIN 231 Financial Management (BBABI 6th Semester)

Course Objectives

This course aims to provide students with the basic understanding of important aspects of financial management and critically evaluate financial information. Students are introduced to concepts and tools that enable them to think critically about the financial opportunities and challenges faced by an organization. The course thus lays the foundation in students for further study in finance and equip them adequately to undertake financial decisions.

Course Description

This course will deal with the basics of financial management, especially, introduction to financial management, concept of capital structure, effects of leverage, elementary knowledge on theory of capital structure, dividend policy, long-term and short-term financing, working capital management, and elementary knowledge on special topics such as derivatives, financial distress, merger and acquisition. Through lectures, readings and case studies students learn fundamentals of financial management and the skills and their application in financial decision making.

Course Outcomes

By the end of this course, students should be able to:

- understand the nature of financial management;
- understand the basic concept and issues of capital structure, effect of leverage; capital structure theories, and dividend policy as a part of capital structure decision;
- identify the sources of long-term and short-term financing, short-term financing policies, and be familiar with the concept of venture capital, public offering and investment banking;
- understand the concept of working capital and working capital management, and components of working capital;
- understand the concept of derivatives, types of options, and gain the skill to calculate the value of options; and
- understand the basic concept of financial distress, merger and acquisition, and international aspect of financial management.

Course Contents

Unit I: Introduction

5 hours

Meaning of financial management; Financial management decisions; Financial manager's responsibilities; Value maximization goal as a financial management decision criterion; The agency relationship; Concept of corporate governance.

Unit II: Capital Structure and Leverage

6 hours

Concept of capital structure; Target capital structure; Business and financial risk; Break even analysis; Leverage: concept, operating leverage, financial leverage, total leverage, impact of financial leverage; Capital structure theories: traditional approach, net income approach, net operating income approach, the Modigliani-Miller's proposition.

Unit III: Dividend and Dividend Policy**5 hours**

Nature of dividend policy; Cash dividend and dividend payment; Factors affecting dividend policy; Establishing a dividend policy; Stock repurchase; Stock dividend, stock split and reverse split.

Unit IV: Raising Capital**6 hours**

Term loan; Bonds: meaning and features, types, bond innovation; Preferred stock: features, advantages and disadvantages; Common stock: equity account in balance sheet, Rights and privileges of common stockholders; features of common stock; Cost and benefit of debt versus equity; Methods of selling securities; Initial public offerings; Concept and functions of investment bankers; Concept of venture capital; Concept of lease financing.

Unit V: Short-Term Financial Planning**6 hours**

Concept of short-term financial management; Tracing cash and net working capital; The operating cycle and the cash cycle; Important aspects of short-term financial policy: The size of the investment in current assets, alternative financing policies for current assets; Cash budget.

Unit VI: Short-term Financial Management**11 hours**

Float and cash Management: reasons for holding cash and understanding float; Cash management: collection, disbursement and investment; Credit and receivables: components of credit policy, terms of sales, optimal credit policy, credit analysis, collection policy; Inventory management: concept and types, inventory management techniques—ABC approach, and EOQ.

Unit VII: Introduction to Derivatives**5 hours**

Concept of derivative and underlying assets; Option: meaning, types, determinants of option value, valuation of call option and put option; Futures contract and forward contract; Warrants: meaning, features, valuation; Convertibles: meaning, Conversion ratio, conversion price and conversion value.

Unit VIII: Special Topics**4 hours**

Merger and acquisition: meaning, motives, types, difference between merger and acquisitions; Financial distress: concept of financial distress, bankruptcy and liquidation.

Basic Texts

1. Ross, S. A., Westerfield, R. W., & Jordan, B. D. *Fundamentals of Corporate Finance*. New Delhi: Tata McGraw-Hill.
2. Brealey, R.A., Myers S.C., Alen, F., & Mohanty, P. *Principles of Corporate Finance*. New Delhi: McGraw-Hill Education (India).

References

1. Brigham, E. F., & Ehrhardt, M. C. *Financial Management: Theory and Practice*. Delhi: Clengage Learning.
2. Van Horne, J. C., and Wachowicz, J. R. *Fundamentals of Financial Management*. New Delhi: PHI Learning.
3. Paudel, R. B., Baral, K. J., Gautam, R. R. & Rana, S. B. *Fundamentals of Corporate Fianace*. Kathmandu: Asmita Book Publishers and Distributors.
4. Manandhar, K. D., et al. *Fundamentals of Corporate Finance*. Kathmandu: Khanal

Publication.

LAW 292 Legal Aspects of Banking and Insurance (BBABI 6th Semester)

Course Objectives

The aim of this course is to familiarize students with the legal environment and framework in which banking and insurance companies operate. Specifically, the course enables students to comply with banking and insurance regulations while working in banks and insurance companies.

Course Description

This course provides an understanding of the legal framework in which banks and insurance companies operate. It introduces the nature of banking and insurance regulations and regulators and discusses regulations related to bank establishment and bank operation, laws relating to capital requirements and reporting. Similarly, the course also covers insurance laws related to insurance contract, tariff setting and claim settlement process. Finally, it deals with corporate governance of banks and insurance companies and important provisions of acts related to the conduct of banking and insurance businesses.

Course Outcomes

On successfully completing this subject, students will be able to:

- Understand the nature and development of banking and insurance laws;
- Apply the rules and regulations in the establishment of banking and insurance companies;
- Assess capital requirements of banks and insurance companies
- Comply with the reporting requirements of regulators and other stakeholders;
- Fulfill duty of disclosure and understand the effects of non-disclosure;
- Apply due process in claim settlements and understand semi judiciary role of Insurance Board in claim settlement;
- Explain basic principles of corporate governance
- Demonstrate the knowledge of understanding of important provisions of major acts related to banking and insurance businesses and the role of Nepal Rastra Bank and Insurance Board in regulating banks and insurance companies.

Course Contents

Unit I: Introduction to Banking and Insurance Laws

3 hours

The need of regulation in banks and insurance companies; development of banking and insurance laws in Nepal.

Unit II: Registration of Bank and Insurance Companies

8 hours

Bank and insurance companies as legal personality; memorandum of association; articles of association; application for registration; capital requirements; categorization of banks and insurance companies; Relevant provisions of Banks and Financial Institutions Act and Insurance Act in the registration of banks and insurance companies.

Unit III: Corporate Affairs, Accounting and Reporting **10 hours**
Corporate reporting; directors' meetings; provisions relating to maintenance of accounts and auditing, applications of accounting standards to banks and insurance companies; reporting to shareholders and regulators.

Unit IV: Bank Operations **5 hours**
Laws relating to deposit, lending, international trade, remittance and ancillary services; negotiable instruments; capital adequacy ratio; prudential norms relating to capital; and consequences of non-compliance.

Unit V: Legal Framework of Insurance **3 hours**
Insurance and the law of contract: general requirements of an enforceable contract; void and voidable; special legal characteristics of insurance contract: insurance as a contract of indemnity, insurance as a personal contract, insurance as a unilateral contract, insurance as a conditional contract, insurance as a contract of adhesion, insurance as a aleatory contract, insurance as a contract of utmost good faith.

Unit VI: Regulation of Insurance Industry **6 hours**
Goals of insurance regulation; current regulatory structure; federal versus state regulation; areas of regulation: solvency regulation, market regulation, regulation of rates; claim procedures and settlement; breach of contract; disputes of insurance; semi judiciary role of Insurance Board in claim settlement; ombudsman.

Unit VII: Corporate Governance in Banks and Insurance Companies **3 hours**
Principles of corporate governance; Nepal Rastra Bank's directives to banks on corporate governance; Insurance Board's directives to insurance companies on corporate governance.

Unit VIII: Major Regulations and Regulators of Banking and Insurance **10 hours**
Major provisions of Banks and Financial Institutions Act 2006; major provisions of Insurance Act 1992; major provisions of NRB Act; major provisions of debt recovery act and banking offence act; role of Nepal Rastra Bank in regulating banks, role of Insurance Board in regulating insurance companies.

Basic Texts

1. Indian Institute of Banking and Finance. *Legal and regulatory aspects of banking*. New Delhi: McMillan India.
2. Gupta, P. K. *Legal aspects of insurance*, Bombay: Himalayan Publishing House.

References

1. Gordon, E. *Banking theory law and practice*. Bombay: Himalaya Publishing House.
2. Vaughan, E. J. & Vaughan, T. M. *Fundamentals of risk and insurance*. John Willey
3. Regda, E. George, *Principles of Risk Management and Insurance*, Pearson Education, India.
4. Government of Nepal. *Banks and Financial Institutions Act, 2006*
5. Government of Nepal. *Insurance Act 1992*
6. Government of Nepal. *Securities Act 2007*
7. *Government of Nepal. Nepal Rastra Bank Act 2002*
8. Nepal Rastra Bank. *NRB Unified directives and guidelines – updated versions*
9. Government of Nepal. *Banking Offence and Punishment Act 2008*

10. Government of Nepal. *Debt Recovery Act 2001*

FIN 234 Property and Liability Insurance (BBABI 7th Semester)

Course Objectives

This course aims to provide students broad knowledge on properties and liability insurance, and equip them with skills to put the knowledge in practice. The course will also familiarize students with the current problems and prospects in the field of property and liability insurance in Nepal.

Course Description

This course is designed to provide broad understanding on properties and liability insurance. Specifically the course deals with the introduction to properties and liability insurance, the nature of general insurance contract, various services provided by fire, motor, marine, aviation, engineering and miscellaneous insurances. The course also addresses current problems and prospects in the field of property and liability insurance in Nepal.

Course Outcomes

On successful completion of this module students will be able to:

- Understand the principles of general insurance;
- Understand provisions of general insurance contract;
- Select appropriate policies of fire insurance to cover the risk of fire;
- Explain fundamentals of motor insurance and select appropriate policies of motor insurance to cover the risk associated with motor insurance including third party liabilities;
- Understand fundamentals of marine and goods-in-transit insurance and its role in international trade;
- Explain important concepts related to liability insurance;
- Understand fundamentals of aviation insurance and its market;
- Identify appropriate products for engineering and contractors' all risk insurance; and
- Follow underwriting and claim settlement process of general insurance.

Course Contents

Unit I: Introduction

4 hours

Introduction to general insurance; types of general insurance; brief history of general insurance of the world and Nepal; principles of general insurance.

Unit II: General Insurance Contract

5 hours

General insurance contract; proposal form; inspection; general insurance policy; coverage; adds on Cover; exclusion; policy condition; schedule; endorsements; days of grace; trailers; policy cancellation and reinstatement of the policy.

Unit III: Fire Insurance

5 hours

Brief history of fire insurance; types of fire insurance; fire insurance contract; major coverage; comprehensive cover; major clauses of fire insurance policy and policy conditions.

Unit IV: Motor Insurance**5 hours**

Types motor insurance; certificate of motor insurance; fire and theft cover; major coverage; cover note; no claim discount; green card system; policy conditions; motor tariff; own damage loss; third party liability; knock for knock; hit and run.

Unit V: Marine Insurance and Goods in Transit Insurance**5 hours**

Brief history of marine insurance; marine insurance and international trade; types of marine insurance; goods in transit insurance; coverage; policy condition; and exception.

Unit VI: Engineering Insurance**5 hours**

Concept of engineering insurance; contractors all risk insurance; erection all risk insurance; machinery breakdown insurance; boiler insurance; coverage; policy condition; and exception.

Unit VII: Aviation Insurance**3 hours**

Types of aviation insurance; aviation cover note; and role of aviation insurance.

Unit VIII: Liability Insurance**6 hours**

Concept of liability insurance; basic legal liability; law of negligence; imputed negligence; res ipsa loquitur; special application of the law of negligence; current tort liability problem; general liability loss exposure; different types of liability insurance.

Unit IX: Miscellaneous Insurance**5 hours**

Cash insurance; bankers' indemnity insurance; personal accident insurance; burglary insurance; micro insurance; cattle and crop insurance; pecuniary loss insurance; cattle and crop insurance; micro insurance; and reinsurance.

Unit X: Underwriting and Claim**5 hours**

Underwriting process in general insurance; pricing; tariff and premium calculation; de-tariff claim settlement process; insurance surveyor and third party administrator's role in claim settlement process; and issues in claim settlement process.

Basic Texts

1. Regda, G. E. *Principles of risk management and insurance*. New Delhi: Pearson Education.
2. Mishra M. N. & Mishra S. B. *Insurance principles and practice*. New Delhi: S. Chand & Company.

References

1. Harrington, Scott E. *Risk management and insurance*. New Delhi: Tata McGraw- Hill Publishing Company.
2. Dorfman, M.S. *Introduction to risk management and insurance*. New Delhi: Prentice-Hall India Learning.
3. Vaughan, E. J. & Vaughan, T. M. (2014). *Fundamentals of risk and insurance*. John Wiley & Sons
4. Indian Institute of Banking and Finance. *Risk management*. New Delhi: Macmillan India.
5. Holyoake, J. & Weipers, W. *Insurance*. New Delhi: A.I.I.B.S. Publishers and Distributer.
6. Balachandran S., et al. *Principles of insurance*, Insurance Institute of India.

7. Government of Nepal. *Insurance Act and Regulations*.
8. Beema Samiti. *Directives to insurance companies*.

FIN 235 International Banking and Insurance (BBABI 7th Semester)

Course Objectives

The course aims to expose students with the fundamentals of international banking and insurances and equip with knowledge and skills necessary to practice them. It will also familiarize students with the tools and methods required to engage in international banking and insurance business.

Course Description

This course provides an understanding of the nature of international banking and insurance business. Specifically, the course covers the fundamental aspects of international banking – evolution of international banking, concepts and techniques of cross-country remittances, correspondent banking and exchange rates. The course also covers fundamental aspects of internal insurance.

Course Outcomes

On successfully completing this subject, students will be able to:

- understand the evolution of international banking;
- understand different concepts used in international remittance and select appropriate means of international remittance;
- handle correspondent banking activities;
- determine foreign exchange rate and execute foreign exchange transaction;
- identify global market opportunities of insurance business;
- explain the process of reinsurance; and
- appreciate the role of international associations in the promotion of insurance business.

Course Contents

Unit I: International Banking

5 hours

Introduction to international banking; the scope of international banking activities; service offered by international banks; regulation of foreign banking activities; the future of international banking.

Unit II: Correspondent Banking

5 hours

Fund transfer; handling correspondent banking; message authentication; correspondent banking business model; relationship banking; meeting the correspondent business; credit line; ethical practice; and Vostro account operation.

Unit III: Basics of Exchange Rates

5 hours

Exchange rate; causes of rate fluctuation; factors affecting the exchange rate; predicting rate trends; exchange rate, cross rate; quotation rate; swaps; and outright forward deals.

Unit IV: International Remittances: Concepts and Techniques

10 hours

Introduction to international remittances; instruments of payment; inland versus foreign payment; options for international settlement; location of accounts; Nostro, Vostro, Loro and

Mirror accounts; international settlement process; draft in international banking; cheque books from correspondents; TT remittance through Vostro accounts; TT through Nostro accounts; funding Nostro accounts; maximizing exchange profit; remittance cash position and currency position.

Unit V: Overview of International Insurance

6 hours

Evolution of international insurance market; cross border activities of insurance; issues in international insurance: ageing problems; influence of international insurance in Nepalese insurance market.

Unit VI: Global Insurance Market

6 hours

The status of insurance penetration and density of advanced economies, emerging economies and developing economies; catastrophic loss and its consequences on global insurance market; global insurance market: Lloyd's of London, the structure of different insurance products in international insurance market; role of multinational insurance companies in Nepalese insurance market.

Unit VII: Global Risk and Reinsurance

6 hours

Global risk and risk coping strategies of multinational reinsurance companies; presence of international reinsurance company in Nepalese insurance business, importance of international insurance companies on mitigating the risk;

Unit VIII: International Insurance Associations and Forum

6 hours

Needs and importance of international association; the functions of International Association of Insurance Supervisors (IAIS); Association of Insurance and Reinsurance of Developing Country (AIRDC); Insurance Congress of Developing Countries (ICDC); South Asian Insurance Regulators Forum (SAIRF), Global Federation of Insurance Association; The role of Geneva Association and SS Huebner Foundation in insurance sector.

References

1. Bose, R. *Fundamentals of international banking*, New Delhi: Macmillan India Ltd.
2. Rose, P. *Money and capital markets: financial institutions and instruments in global marketplace*. Chicago: McGraw-Hill International.
3. AON Plc. *Global insurance market opportunities*. London: AON Plc.
4. Publications of International Association of Insurance Supervisors (IAIS), www.iaisweb.org
5. Publications of Association of Insurance and Reinsurance of Developing Country (AIRDC), www.airdc.org
6. Publications of Global Federation of Insurance Association, www.gfiainurance.org/
7. Publications of Lloyds of London, <https://www.lloyds.com/>
8. Publications of International Insurance Institute, www.insuranceinstitute.com/
9. Publications of The Institute for Global Insurance Education, www.igie.org/

MGT 311 Fundamentals of Operations Management (BBABI 7th Semester)

Course Objectives

The objective of this course is to provide an introduction to the field of OM. It will give a survey of the main OM issues and the key concepts and tools for dealing with them. It is intended to provide a basic exposure for those who will be specializing in other business areas, and to serve as a first step for those wishing to do further studies on this topic.

Course Description

This course is an introduction to the concepts, principles, problems, and practices of operations management. Emphasis is on managerial processes for effective operations in both goods-producing and service-rendering organization. Topics include operations and productivity, operations strategy, forecasting, product and process design, quality assurance, location and layout strategies, supply chain management, inventory management, operations scheduling, JIT and lean operations. The topics are integrated using a systems model of the operations of an organization.

Course Outcomes

By the end of this course, students should be able to:

- Understand and appreciate the production and operations management functions in any organization;
- Understand the importance of productivity and competitiveness to organizations;
- Understand the various production and operations design decisions;
- Explain the importance of product and service design decisions and how they relate to the overall strategies of organizations;
- Explain the importance of quality management practices to attain organizational effectiveness;
- Describe the roles of inventories and basics of managing inventories in various demand settings;
- Analyze the contemporary operations and manufacturing organizational approaches and supply-chain management activities.

Course Contents

Unit I: Introductions to Operations Management

Operations and Productivity

5 hours

Introduction, organizing for transformation process, objectives, heritage of operations management, operations in service sector, Trends in operations management, productivity challenges, Ethics and social responsibility.

Operations Strategy

5 hours

Global view of operations, developing missions and strategies, achieving competitive advantages through operations, strategy development and implementation.

Unit II: Designing Operations

Product and Process Design

6 hours

Product selection, Generating new products, product development, issues for product design, service design, Process strategies, process analysis and design, product process

matrix, service process design, capacity planning, capacity considerations, demand and capacity management in services.

Quality Assurance

7 hours

Defining quality, International quality standards, Total quality management, Tools of TQM, TQM in services, statistical process control.

Unit III: Managing Operations

Supply Chain Management

6 hours

Strategic importance, supply chain strategies, vendor selection, logistics management, measuring supply chain performance, outsourcing, risks in outsourcing, ethical issues in outsourcing.

Inventory Management

7 hours

Functions of inventory, types of inventory, inventory models for independent demand, material requirement planning, enterprise resource planning.

Operations Scheduling

6 hours

Strategic importance, scheduling issues, loading jobs, sequences jobs, scheduling services.

JIT and Lean Operations

3 hours

Just-in-Time, JIT layout, JIT inventory, JIT scheduling, JIT quality, lean operations, lean operations in services.

Basic Text

Heizer J., Render, B. and Rajashekhar J. *Operations Management*. Pearson Education Inc., New Delhi.

References

1. Krajewski, L. J., Ritzman, L. P., Malhotra, M. K., and Srivastava S. K. *Operations Management: Process and Supply Chain*. Pearson Education Inc., New Delhi.
2. Stevenson, W. *Operations Management*. Tata McGraw Hill Education, New Delhi.
3. Gaither, N. and Gaither, F. *Operations Management*. Cengage Learning, New Delhi.

FIN 226 Management of Commercial Banks (BBABI 7th Semester)

Course Objectives

The course aims to equip students with knowledge and skills necessary to understand the fundamentals of commercial bank management and acquaint them with tools and methods available to manage commercial banks. Specifically, this course covers the key areas of the commercial bank management process: establishment of a bank, raising funds to run it and evaluate the performance of the bank.

Course Description

This course provides an understanding of the nature of commercial banks and its regulatory environment. It then describes how a bank and its branches are established. The course offers an opportunity to study bank's state of financial affairs as represented in balance sheet and income statement, and evaluates bank's performance using appropriate tools of analysis. Finally, it also discusses how a bank manages capital and raises deposits as sources of funds for its operation..

Learning Outcomes

On successfully completing this subject, students will be able to:

- understand the nature of commercial bank and its regulatory environment;
- identify various structures of commercial banking industry;
- complete formalities for establishing banks and bank branches;
- interpret key items that appear in balance sheet and income statement of banks;
- apply appropriate ratios to evaluate bank performance;
- understand the role of bank capital from the view point of shareholders as well as regulators;
- identify deposit and non-deposit sources of funds; and
- demonstrate adequate knowledge and skills required for managing commercial bank.

Course Contents

Unit I: Introduction

5 hours

Meaning and types of banks; services provided by banks; bank and its competitors in the financial system; key trends affecting banks.

Unit II: The Bank Regulatory Environment

5 hours

The need for regulation, banking regulations – commercial banking act (Banks and Financial Institutions Act), directives of Nepal Rastra Bank to commercial banks; the role of Nepal Rastra Bank in the regulation of commercial banks.

Unit III: Organization and Structure of Commercial Banking Industry

5 hours

The organization and structure of the commercial banking industry; internal organization of banking firm; types of banking organizations: unit banking organizations, branch banking organizations, bank holding company organizations; financial holding companies and bank subsidiaries.

Unit IV: Establishing Banks and Bank Branches**5 hours**

Establishing a new bank; factors affecting the decision to establish a new bank; bank chartering process in Nepal; opening a new branch; branch regulation, changing role of bank branches; establishing automated limited-service facilities; point-of-sale terminals; automated teller machines; home and office banking; telephone banking and call centers; internet banking; NRB policy on establishing banks and bank branches.

Unit V: The Financial Statements of Banks**6 hours**

An overview of bank balance sheet and income statement; the balance sheet: the assets of a bank, liabilities of a bank; off-balance sheet items; income statement and its components; auditing; and NRB guidelines on bank's financial statements.

Unit VI: Evaluating Bank Performance**10 hours**

A framework for evaluating bank performance; internal performance: bank planning, technology, personnel development; external performance: market share, regulatory compliance, public confidence; analyzing bank performance with financial ratios: profit ratios – return on equity, return on assets, net interest margin; risk ratios – capitalization, asset quality, operating efficiency, liquidity; other financial ratios – taxes, interest sensitivity.

Unit VII: Bank Capital Management**6 hours**

Bank capital; equity, long-term debt, reserve; role of bank capital; capital adequacy: regulator's viewpoint, capital standards, uniform capital requirements, risk-adjusted capital requirements; shareholder's viewpoint; trends in bank's capital; bank regulatory capital and Basel rules; NRB directives on capital requirements.

Unit VIII: Liabilities Management**6 hours**

Structure of bank liabilities: deposit and non deposit sources of funds; deposit products and schemes, balance sheet structure of bank liabilities; managing bank liabilities.

Basic Texts

1. Rose, P. S. & Hudgins, S. C. (2010). *Bank management and financial services*. New Delhi: Tata McGraw-Hill Education.
2. Gup, B. E. & Kolari, J. W. (2005). *Commercial banking*. New Delhi: Willey India.

References

1. McDonald, S. S. & Koch, T. W. *Management of banking*. The Dryden Press, Harcourt College Publishers.
2. Gestel, T. V. & Baesens, B. *Credit risk management*. New York: Oxford University Press.
3. Chatterjee, A. *Credit management: A practical approach*. New Delhi: Skylark Publications.
4. Nepal Rastra Bank. *Unified directives latest version*

MGT 411 Business Environment in Nepal (BBABI 8th Semester)

Course Objectives

The course aims to provide students with a sound understanding of environmental forces affecting business operations and to develop their ability to analyze such environmental forces in the Nepalese context. The focus of the course is therefore to review the major environmental forces and analyze their dynamics applicable to Nepalese business.

Course Description

The course covers the relevant political, economic, legal, socio-cultural, and technological environmental aspects of Nepal and their effects on Nepalese business. In addition, it covers the regional and global environmental factors influencing Nepalese business scenario.

Course Outcomes

After studying this course, students should be able to:

- analyze and identify the opportunities, limitations, and constraints of business;
- pinpoint the changes in the environment and the impact on Nepalese businesses.

Course Outcomes

Upon completion of this course, students should have a clear and candid view of Nepalese business environment. They should be in a position to. They should also be able to

Course Contents

Unit I: Concept of Business Environment

4 hours

Concept and framework of business environment; Components of business environment; Environmental scanning/analysis – concept and methods; Use of environmental analysis in strategic management.

Unit II: Economic Environment

4 hours

Economic dimensions of an economy – economic, socio-economic, and industrial dimension; Analysis of these dimensions and their impact on business; An overview of the latest economic development plan - its objectives and strategies; Indicators of analyzing economic environment.

Unit III: Economic Policies and Reforms

7 hours

Privatization - meaning of privatization, methods of privatization; Privatization policy and practices in Nepal; Industrial Policy - concept and objectives of industrial policy in Nepal; Trade Policy - concept and objectives of trade policy; Labour and Employment Policy - concept and objectives of labour and employment policy; Tourism Policy – concept and objectives of tourism policy in Nepal; Current monetary policy in Nepal; Liberalization of the Nepalese economy and its effects on the financial and capital market sectors; Effects of liberalization – emerging business environment in Nepal.

Unit IV: Agriculture, Trade and Industrial Sectors: Performance and Issues 5 hours

Nepal's agriculture sector – performance and issues; Nepal's industrial sector – export-oriented and import substituting industries, service sector; Industrial sector - performance and constraints; The role of industry in the changing scenario; Nepal's foreign trade – structure and related issues.

Unit V: Political Environment**5 hours**

Significance of political environment for business; Nepalese political system and its important players (political parties); Government and constitutional bodies; Role of government in business; Basic issues in business-government relations; Risk assessment of political environment particularly with reference to business sector; Issues in Nepalese political environment.

Unit VI: Regulatory Environment**7 hours**

Concept; Private Firm `Registration Act; Partnership Act; Companies Act; Industrial Enterprise Act; Foreign Investment Act; Labor Act; Trade Union Act; Mines and Minerals Act; Intellectual property - Patent, Design, Copyright and Trade Mark Act; Consumer Protection Act and regulations.

Unit VII: Socio-Cultural Environment**4 hours**

Socio-cultural environment and its significance for business; Determinants of socio-cultural, environment - religion, language, education, family structure and social organizations; An analysis of how socio-cultural environment affects the Nepalese business; Emerging socio-cultural changes in Nepal.

Unit VII: Environment, Energy and Technology**4 hours**

Business and technology; Human factors and technology; Present level of technology adopted by the Nepalese business; Technology transfer issues; IT policy of Nepal; Impact of technological environment on the efficiency and competitiveness of Nepalese business; Energy situation in Nepal; Natural environment and energy management issues in Nepal.

Unit VIII: Global Environment**5 hours**

Concept of globalization; Nature and types of globalization; Regional economic groupings of nations - SAPTA, SAFTA, and BIMSTEC - their impacts on the Nepalese business; Foreign Direct Investment in Nepal; World Trade Organization (WTO) – Nepal's membership - opportunities and threats for the Nepalese business.

Basic Texts

1. Pant, P. R. *Fundamentals of Business Environment in Nepal*. Buddha Academic Enterprises, Kathmandu.
2. Agrawal, G. R. *Dynamics of Business Environment in Nepal*. M. K. Publishers, Kathmandu.

References

1. Aswasthappa, K. (Latest Edition). *Business Environment for Strategic Management*. Himalaya Publishing House, Mumbai.
2. Wetherly, P. and Dorron, O. *The Business Environment: Themes and Issues*. Oxford University Press, New Delhi.
3. Ghosh, B. N. *Business Environment*. Oxford University Press, New Delhi

4. Paul, J. *Business Environment: Text and Cases*. Tata McGraw Hill, New Delhi.

FIN 237 Treasury Management (BBABI 8th Semester)

Course Objectives

The course aims to equip students with knowledge and skills necessary to organize treasury department and manage treasury functions related to corporate liquidity, investments and risk related to these functions in a bank. It will also familiarize students with the tools and methods available to carry on these treasury functions.

Course Description

This course provides an understanding of the nature of treasury functions in a bank and equips the students with necessary skills, methods and tools to successfully carry on these functions. Specifically, the covers the key aspects of corporate liquidity, investments and risk related to these functions in a bank. The topics covered in this course are – treasury management, payment system, asset-liability management, investment function, liquidity and reserve management, foreign exchange risk management, clearing and settlement, and treasury system.

Course Outcomes

On successfully completing this subject, students will be able to:

- understand the role and position of treasury function in commercial bank;
- understand various payment systems and choose appropriate system for the payment;
- develop asset-management strategies and analyze duration gap;
- select appropriate instruments for investment and evaluate the investment risk in those securities;
- estimate liquidity and reserve requirements and develop strategies to maintain them at optimum level;
- indentify foreign asset liability position and foreign currency risk exposure;
- understand clearing and settlement system; and
- understand treasury technology and treasury management system.

Course Contents

Unit 1: Treasury Management

4 hours

Role of the treasury department; treasury controls; treasurer job description; position of treasury department and its components – front, mid and back office – within the corporate structure.

Unit 2: Payment Systems

4 hours

Payment systems overview; cash payments; check-based payments; large-value funds; electronic Transfers (Wire Transfer); small-value transfer or automated clearing house systems ACH); card based payment systems.

Unit 3: Asset-Liability Management

8 hours

Asset-liability management strategies: asset management strategies, liability management strategy, fund management strategy; interest rate risk: forces determining interest rates, the measurement of interest rates, the components of interest rates; goal of interest rate hedging: interest-sensitive gap management, duration gap management; using duration to hedge

against interest rate risk; limitation of duration gap management; asset-liability management committee.

Unit 4: Investment Function

8 hours

Investment instruments; money market investment instruments: Treasury bills, short-term treasury notes and bonds, government agency securities, certificate of deposit, international Eurocurrency deposits, bankers' acceptance, commercial paper, short-term municipal obligations; capital market investment instruments: Treasury notes and bonds, municipal notes and bonds, corporate notes and bonds; investment securities held by banks; factors affecting choice of securities; evaluating investment risk: security-specific risk, portfolio risk, inflation risk; investment strategies – passive investment strategies, aggressive investment strategies.

Unit 5: Liquidity and Reserve Management

8 hours

The demand for and supply of liquidity; reasons for liquidity problems; Strategies for liquidity managers; estimating liquidity needs; legal reserve and money position management; factors in choosing among the different sources of reserves; liquidity ratios; optimum bank liquidity; NRB's reserve requirements; the Basel rules.

Unit 6: Foreign Exchange Risk Management

8 hours

Foreign exchange rates and transactions: foreign exchange rates, foreign exchange transactions; sources of foreign exchange risk exposure; foreign currency trading; foreign asset and liability position; purchasing power parity and interest rate parity.

Unit 7: Clearing and Settlement, and Treasury System

8 hours

Clearing and settlement systems: characteristics of clearing and settlement systems, overview of the clearing and settlement process, Fedwire, automated clearing house (ACH) system, clearing house interbank payments system (CHIPS), check clearing, the continuous link settlement (CLS) system; treasury systems: treasurer's technology needs, treasury management system, SWIFT connectivity.

Basic Texts

1. Bragg, S. M. (2010), *Treasury management*. New Jersey: Wiley & Sons.
2. Rose, P. S. & Hudgins, S. C. (2010). *Bank management and financial services*. New Delhi: Tata McGraw-Hill Education.

References

1. Gup, B. E. & Kolari, J. W. (2005). *Commercial banking* (3rd ed). New Delhi: Willey India
2. Saunders, A. & Cornett, M. M. (2011). *Financial institutions management*. New Delhi: McGraw-Hill Education.
3. Choudhry, M. (2011). *An introduction to banking – Liquidity risk and asset-liability management*. West Sussex, U K: Willy Publication.
4. Association of Financial Professionals (2014). *Essentials of treasury management*.
5. Nepal Rastra Bank. *Unified directives, latest version*.

MGT 412 Strategic Management (BBABI 8th Semester)

Course Objectives

This course aims to familiarize students with the basic concepts of strategic management and enable them to formulate, implement, and evaluate strategies for businesses. The course also aims to develop comprehensive and integrated view of business. The ultimate objective is to develop skill of practical and integrated application of different fields of management in order to make strategic decisions.

Course Description

Starting from the establishment of a company's direction by preparing mission statement and vision, this course will proceed to the identification of opportunities and threats emerging from the external environment and assessment of strengths and weaknesses arising from the internal environmental forces. Development of tools needed to match opportunities and threats with strengths and weaknesses will be the next step. Concepts of removing possible hurdles in the implementation of strategy will be followed by the discussion on the implementation of strategy. Finally, issues related to strategic evaluation and control will be discussed.

Course Outcomes

Upon completion of this course, students should be able to:

- Establish and evaluate mission statement, long term objective, vision, and short term plan for the business;
- Analyze the external and internal environment and identify opportunities, threats, strengths, and weaknesses of the firm and thereby formulate appropriate strategies for business;
- Plan pre-implementation and implementation phase; and
- Monitor and evaluate implemented strategies.

Course Contents

Unit I: Introduction

3 hours

Meaning of strategy and strategic management; Strategic Management Model; Characteristics of strategic management; Formality in strategic management.

Unit II: Company Direction

3 hours

Mission and mission statement; Vision; Strategic intent; Strategic objective vs. Financial objective; Policies; Long term and short term objectives.

Unit III: External Environment Analysis

9 hours

PEST analysis - political, legal, economic, socio-cultural, technological, ecological, and international environment analysis framework (individualism vs. collectivism, totalitarian system vs. democracy, common law vs. civil law system; Determinants of culture; State of technological stage; Impact of ecological and international factors); Industry and competitive analysis - Porter's five force model; Strategic group mapping; Monitoring competition.

Unit IV: Internal Analysis**5 hours**

Resource to competitive advantage pyramid; Internal analysis approaches - value chain; functional approach; and Resource based view (RBV); Benchmarking.

Unit V: Strategic Options and Choice Techniques**9 hours**

Porter's five generic strategies, Grand Strategies (concentration, market development, product development, innovation, vertical and horizontal integration, concentric and conglomerate diversification, retrenchment/turnaround, divestiture, liquidation, bankruptcy, joint venture, and strategic alliance); Corporate level analytical tools - BCG and GE nine cell matrices; Business level analytical tools - grand strategy selection matrix and grand strategy cluster.

Unit VI: Post-formulation and Pre-implementation Phase**6 hours**

Matching existing organizational structure, leadership, and organizational culture with newly chosen strategy.

Unit VII: Implementation Phase**5 hours**

Functional plan - finance, marketing, HR, R & D, production operations, MIS, and general management work plan.

Unit VIII: Strategic Evaluation and Control**5 hours**

Difference between strategic and operational control; Strategic control tools - premise control, strategic surveillance, implementation control, and special alert.

Basic Texts

1. Pearce, J. A., Robinson, R. B. and Mital, *Strategic Management: Formulation, Implementation, and Control*, Tata McGraw Hill, New Delhi.
2. Hitt, M. A., Ireland, R. D., Hoskisson, R. E. and Maniketty, S. *Strategic Management: A South-Asian Perspective*. Cengage Learning, New Delhi.

References

1. Dess, G. G., Lumpkin, G. T. and Eisner, A. B. *Strategic Management: Text and Cases*. Tata McGraw Hill, New Delhi.
2. Thomson, A., and Strickland, *Strategic Management*, Tata McGraw Hill, New Delhi.
3. Relevant journal articles and cases.

Electives

FIN 473 Special Topics in Insurance

Course Objectives

This course aims to enhance students' knowledge on special areas of insurance. It also aims to develop students' skill in dealing with the special nature of the products and processes of these insurances.

Course Description

This course is built on the core courses of insurances and covers special topics which were not addressed in those courses. The first part of the course covers governance of insurers, analysis of insurers' financial statements and performance indicators including benchmarking. The second part of the course covers social insurance, retirement plans, micro insurance, and deposit and credit guarantee in Nepal.

Course Outcomes

By the end of this course, students should be able to:

- Understand the governance structure of insurers;
- Analyze financial statements of the insurers against performance indicators and benchmarks;
- Understand important aspects of social insurances;
- Explain different types of retirement plans;
- Understand basic principles and models of micro insurance delivery; and
- Describe the deposit and credit guarantee provisions in Nepal.

Course contents

Unit I: Governance of Insurers

6 hours

Rights of share holders; protection of insured interest; board of directors: composition, qualification and appointment; executive management; disclosure; regulation and supervision;

Unit II: Financial Statement of Insurers

6 hours

An overview of insurer' balance sheets; income statements; profit and loss account; investment guidelines; accounting standard; inspections: onsite and offsite.

Unit III: Performance Indicators and Benchmarking

6 hours

Performance indicators related to marketing and distribution; financial performance indicators: Solvency margin, risk based capital, capital adequacy ratios, CAMELS parameters of insurers, efficiency and client value; rating system in insurance.

Unit IV: Social Insurance

8 hours

Concept of social protection and social insurance; social vs commercial insurance;; old-age, survivors, and disability insurance; types of benefits; medicare; unemployment insurance; workers compensation; universal health insurance; social insurance practices in developed and developing countries; status of social protection in Nepal; role of insurance companies in social insurance.

Unit V: Retirement Plans**8 hours**

Fundamentals of private retirement plan; types of qualified retirement plans; defined-contribution plan; defined-benefit plans; profit-sharing plans; other types of plans; retirement plans for the self-employed; simplified employee pension; simple retirement plans; funding agency and funding instruments.

Unit VI: Micro insurance**8 hours**

Micro insurance introduction and characteristics; basic principles; models of micro insurance delivery: partner-agent model, community based model, institutional options; micro insurance product: agriculture and live stocks, fishery, weather, crop; micro finance and micro insurance.

Unit VII: Deposit Insurance**6 hours**

Fundamentals of deposit insurance; global practices of deposit insurance; Deposit and Credit Guarantee Corporation: establishment, objectives and functions.

Basic Texts

1. Rejda, G. E. *Principles of risk management and insurance*. New Delhi: Pearson Education.
2. Vaughan, E. J. & Vaughan, T. M. *Fundamentals of risk and insurance*. John Wiley & Sons.

References

1. Sethi, J. & Bhatia, N. *Elements of banking and insurance*. Delhi: Prentice-Hill.
2. Harrington, S. E. *Risk management and insurance*. New Delhi: Tata McGraw- Hill Publishing Company Limited
3. Nepalese Insurance Act, 1992 and Insurance Regulation, 1993.
4. Annual Reports of Deposit and Credit Guarantee Corporation Nepal.

FIN 431 Corporate Finance

Course Objectives

The objective of this course is to provide students an understanding of concepts and theories of corporate finance and develop skills to analyse issues in corporate finance for sound financing decisions in businesses.

Course Description

This course has been structured as specialization course in Finance and built on the foundation of two core courses - *Essentials of Finance* and *Financial Management*. For students choosing to concentrate on Finance, will have an opportunity to cover some additional but important aspects of corporate finance which were not covered in core courses. This course offers students advance knowledge on corporate finance and equip them with additional tools and techniques of corporate finance so as to prepare them to analyze financing problems in a wider context. This course deals with introduction to corporate finance, short-term financing, lease financing; long-term financing; convertibles, exchangeables and warrants, and capital structure determination.

Course Outcomes

By the completion of this course, the students should be able to:

- understand the significance of corporate finance;
- evaluate different options for short-term financing;
- make a choice between the leasing versus buying alternatives;
- evaluate different alternatives for long-term financing;
- analyze warrants and convertibles as options of financing; and
- determine capital structure that enhances the value of the firm.

Course Contents

Unit I: Introduction to Corporate Finance

3 hours

Nature and significance of corporate finance; financial markets and the corporation; determinants of optimal capital structure; and business ethics and corporate social responsibility in financing decisions.

Unit II: Short-term Financing

8 hours

Need for short-term financing; short-term versus long-term financing; unsecured short-term financing: accruals and deferred income, trade credit, short-term bank loan, commercial paper; secured short-term financing: inventory financing - floating liens, chattel mortgage, trust receipt loan, field and terminal warehouse receipt loan, accounts receivable financing – pledging account receivables, and factoring account receivables.

Unit III: Term Loan and Lease Financing

8 hours

Term loan: features and sources; lease financing: meaning and forms of lease financing, evaluating lease financing in relation to debt financing - return to lessor, equilibrium annual lease payment, present value of lease alternative, present value of borrowing alternative, and factors affecting lease versus purchase decisions.

Unit IV: Long-term Debt and Preferred Stock Financing**8 hours**

Features of long-term debt; secured and unsecured bonds; major provisions of preferred stock issues; the use of preferred stock in financing decision; comparative advantages and disadvantages of long-term debt, bond and preferred stock; and refunding decisions on debt and preferred stock.

Unit V: Common Stock Financing**5 hours**

Common stock financing: rights of holder of common stock: nature of voting rights, cumulative voting, pre-emptive right; methods of selling common stocks: public offering, right offering, private placement; comparative advantages and disadvantages of common stock financing; and concept of venture capital financing.

Unit VI: Convertibles, Exchangeables and Warrants**8 hours**

Convertible securities: conversion price and conversion ratio, conversion value and premium over conversion value, other features, financing with convertibles, forcing conversion; value of convertible securities: debt-plus-option characteristic, straight bond value, premiums, relationship among premiums; exchangeable bonds: features, use in financing; warrants: features, valuation of a warrant, premium over theoretical value, and relationship between values.

Unit VII: Capital Structure Determination**8 hours**

A conceptual look: net operating income approach, traditional approach; the total-value approach: arbitrage support; presence of market imperfection and incentive issues; the effect of taxes; taxes and market imperfection combined; financial signalling; and pecking order approach.

Basic Texts

1. Van Horne, J. C., Wachowicz, J. M. Jr, & Bhaduri, S. N. *Fundamentals of financial management*. New Delhi: Pearson Education.
2. Ross, S. A., Westerfield, R. W. & Jordan, B. D.. *Fundamentals of corporate finance*. New Delhi: Tata McGraw-Hill Education India Pvt. Ltd.

References

1. Brigham, E. F. & Houston, J. F. *Fundamentals of financial management*. New Delhi: Cenage Learning India Pvt. Ltd.
2. Paudel, R. B., Baral, K. J. Gautam, R. R. & Rana, S. B. *Financial management*. Kathmandu: Asmita Book Publishers and Distributors (P) Ltd.
3. Pradhan, R. S. *Capital structure management*. Kathmandu: Landmark Publications.

FIN 432 Microfinance

Course Objectives

The purpose of the course is to introduce students to the principles and practices of microfinance institutions and microfinance services. The course also emphasizes on improving skills of the students to prepare microenterprises business plan for self-employment opportunities.

Course Description

This course provides an understanding of the basic principles, practices and services of microfinance industry. It begins with an introduction to microfinance in general and microfinance lending models in particular. It then proceeds to discussion of various types microfinance institutions and explores their role in development of different sectors of an economy. The course also gives an overview of regulatory regime of microfinance in Nepal. Finally, it deals on entrepreneurship and develop business plan suitable for micro financing.

Course Outcomes

By the completion of this course, the students should be able to:

- Explain the nature of microfinance and microfinance models;
- Identify the role of microfinance institutions in social and economic development;
- Choose appropriate model of microfinance institutions and develop microfinance products;
- Be familiar with the microfinance programs in Nepal and appreciate their role in different aspects of national development;
- Understand the rules and regulations of microfinance industry in Nepal and apply them in the establishment and operation of microfinance institutions in Nepal;
- Prepare micro/ small enterprise business plan; and
- Demonstrate ability to conduct the case studies of microfinance institutions.

Course Contents

Unit I: Introduction to Microfinance

6 hours

Concept and meaning of microfinance; history of microfinance; need of microfinance; key principles of microfinance; microfinance client; microfinance products: microcredit, micro saving, micro insurance, payment and transfers; and distinction between traditional financing and micro financing.

Unit II: Microfinance Credit Lending Models

6 hours

Individual lending model; Grameen Bank solidarity lending model; village banking model; cooperative model; Self-help group model; and rotating savings and credit association.

Unit III: Microfinance Institutions

6 hours

Objectives of the microfinance institutions; importance of microfinance institutions; attributes of a good microfinance institutions; institutional types; formal financial institutions; semiformal financial institutions; and informal financial providers.

Unit IV: Microfinance and Development**4 hours**

Microfinance and women empowerment; microfinance and health; microfinance and microenterprise development; microfinance and education; microfinance and networking; and micro insurance policies and practices.

Unit V: Microfinance in Nepal**8 hours**

National microcredit policy; poverty and microfinance in Nepal; development of microfinance sector in Nepal; preview of microfinance models in Nepal; and critical elements of success in Nepal's micro financing.

Unit VI: Regulations of Microfinance Institutions**6 hours**

Need for regulation; regulations of microfinance industry and small enterprises: registration, operation and reporting; regulating authorities; and relevant acts and byelaws.

Unit VII: Entrepreneurship**12 hours**

Concept of entrepreneur and entrepreneurship; micro enterprise and micro entrepreneurs; concept of social entrepreneurship, entrepreneurial process; concept of business plan; elements of business plan; and guidelines of business plan. Preparation of business plan for a new micro/ small business enterprise; a case study of a running microfinance institution/ program or a small business.

References

1. Ledgerwood, J. *The new microfinance handbook*. Washington, DC: The World Bank.
2. Panda, D. K. *Understanding microfinance*. New Delhi: Wiley India.
3. Marguerite S. R. *The microfinance revolution*. Washington, DC: The World Bank.
4. Shah, R. K. *Microfinance in Nepal*. New Delhi: Serials Publications.
5. Agrawal, G. R. *Entrepreneurship development in Nepal*. Kathmandu: MK Publishers and Distributors.
6. Sharma, P. R. *Impact of microfinance on women empowerment*. Pokhara: Team Organizing Local Institution.
7. Sharma, P. R. *Sustainability of microfinance institutions: an opinion survey*. Pokhara: Team Organizing Local Institution.
8. Government of Nepal. *National microcredit policy 2007*. Kathmandu: Nepal Rastra Bank.
9. Hisrich, R. D. Peters, M. P. & Shepherd, D. A. *Entrepreneurship*. New Delhi: Tata McGraw Hill Education.

FIN 433 Investment Management

Course Objectives

The course aims to provide the students with the fundamental knowledge of securities and their markets, to develop skills for computing risk and return from investment, and to appraise debt and equity securities for investment.

Course Description

This course provides a broad overview of investment environment and introduces different investment alternatives available to an investor along with their markets. Then it moves to computation of risk and return of an individual asset as well as that of portfolios and selection of optimal portfolio. Then it discusses how assets are priced by capital assets pricing model. Finally, it deals with how debt and equity securities are valued for investment decision making purpose.

Course Outcomes

By the end of this course, students should be able to:

- understand investment environment in which they have to undertake investment decisions;
- differentiate financial assets on the basis of their features for investment purpose;
- construct stock market indexes and interpret them;
- understand how securities are issued in the market and how they are traded in exchanges;
- calculate risk and return on of an individual asset and that of a portfolio;
- diversify risk by creating efficient portfolios;
- price securities using capital assets pricing model;
- value bonds and calculate yields on bonds; and
- value common stocks using dividend discount models and price-earning models.

Course Contents

Unit I: Investment Environment

4 hours

Meaning of investment; investment alternatives; securities markets; securities market institutions; investment process; the risk-return trade-off; and Nepalese investment environment.

Unit II: Assets Classes and Financial Instruments

8 hours

The money market: treasury bills, certificates of deposit, commercial paper, bankers' acceptance, Eurodollars, the Libor market, yield on money market instruments; the bond market: treasury notes and bonds, inflation-protected treasury bonds, federal agency bonds, international bonds, municipal bonds, corporate bonds, mortgages and mortgage-backed securities; equity securities: common stock – characteristics and listing, preferred stock, depository receipts; stock and bond market indexes: stock market indexes – price-weighted index, value-weighted index, equally-weighted index; Nepal Stock Exchange index, bond market indicators; and derivative markets.

Unit III: Securities Markets**6 hours**

Concept of securities markets; issue of securities; privately held firms and publicly traded companies; shelf registration; initial public offerings; trading of securities; types of markets; types of orders; trading mechanisms; the rise of electronic trading; ECNs; new trading strategies; globalization of stock markets; trading costs; buying on margin; short sales; functions of Nepal Stock Exchange; and role of Nepal Securities Board.

Unit IV: Risk and Return**6 hours**

Concepts of risk and return; measuring investment returns: holding period return, returns over multiple periods, annualizing rates of return, expected return, time series of return; inflation and real rates of return; measuring risk: variance, standard deviation, coefficient of variation; portfolio return and risk of a portfolio of risky and risk-free assets.

Unit V: Efficient Diversification and CAPM**8 hours**

Diversification and portfolio risk; asset allocation with two risky assets; covariance and correlation; the risk-return trade-Off with two-risky-assets; the mean-variance criterion; the optimal risky portfolio with a risk-free asset; efficient diversification with many risky assets; the efficient frontier of risky assets; choosing the optimal risky portfolio. The Capital Asset Pricing Model: the model, assumptions, implications, and the security market line.

Unit VI: Bond Prices and Yields**8 hours**

Bond characteristics; treasury bonds and notes; corporate bonds; international bonds; innovation in the bond market; bond pricing; bond pricing between coupon dates; bond pricing in excel; bond yields: yield to maturity, yield to call, realized compound return versus yield to maturity; bond prices over time; yield to maturity versus holding-period return; zero-coupon bonds and treasury STRIPS; after-tax returns; default risk and bond pricing; junk bonds; determinants of bond safety; bond indentures; yield to maturity and default risk; credit default swaps.

Unit VII: Equity valuation**8 hours**

Valuation by comparables; limitations of book value; intrinsic value versus market price; dividend discount models; the constant-growth DDM; stock prices and investment opportunities; life cycles and multistage growth models; price-earnings ratios: the price-earnings ratio and growth opportunities; pitfalls in P/E analysis; other comparative valuation ratios; free cash flow valuation approaches; comparing the valuation models; the problem with DCF models.

Basic Text

Bodie, Z., Kane, A., & Alan, J. M. *Essentials of investments*. New York: McGraw Hill.

References

1. Alexander, G. J., Sharpe, W. F. & Bailey, J. V. *Fundamentals of investments*. New Delhi: Prentice Hall of India Ltd.
2. Jordan, B. D. & Miller, T. W. *Fundamentals of Investments*. New York: McGraw-Hill Irwin.
3. Reilly, F. K. & Keith, C. B. *Investment analysis and portfolio management*. New Delhi: Cengage Learning (India) Private Limited.

FIN 436 Fundamentals of Financial Derivatives

Course Objectives

The objective of the course is to familiarize students with the basic financial derivative instruments and their pricing principles. In particular, this course focuses on the economics of pricing derivative instruments, such as option, future, forward, swap, etc. This course also attempts to design the strategies using the different types of financial instruments for hedging risk.

Course Description

This is the first course in financial derivatives. Therefore, it begins with an introduction to derivatives and derivative markets and moves to basic principles of options and option pricing. Then it deals with forward and future markets, swaps, and over-the-counter derivative instruments; and finally, deals with derivative markets in the context of Nepal.

Course Outcomes

By the end of this course, students should be able to:

- understand basic concepts, theories and practices related to derivative securities and derivative markets;
- understand option related terminologies, interpret option quotations and calculate payoff from option positions;
- value options using binomial and Black-Scholes-Merton option valuation models;
- pricing forward and future contracts and use them for hedging against risk;
- understand the significance of various swaps;
- familiarize with over-the-counter derivative instruments;
- calculate the value of different types of derivative instruments; and
- analyze options, swaps, forwards and futures for designing investment strategies.

Course Contents

Unit I: Introduction

5 hours

Derivative markets and instruments; Core concepts in financial and derivative markets; Spot and derivative markets; Role of derivative market; Myths in derivative markets; Ethics in derivative markets; Career in derivative markets; Uses of derivatives in risk management.

Unit II: Structure of Option Markets

5 hours

Option terminologies; Development of options markets; Call and put options; Over-the-counter options market; Exchange-listed option trading; Mechanics of trading; Option quotation; Types of options; Transaction costs in option trading; Regulation of option markets.

Unit III: Option Pricing Principles and Model

12 hours

Principles of call and put option pricing; Call-put parity; Binomial options pricing model: features, single and multi-period European call and put binomial model; Black-Scholes-Merton options pricing model: assumptions, formula, factors affecting option price.

Unit IV: Forward and Future Contracts**12 hours**

Development of forward and future markets; Forward vs. future markets; Future traders; Mechanics of future trading; Principles of pricing forwards and futures: interest, cost of carry, convenience yield, and risk; Difference between forward and future prices and the sources of difference; Hedging with forward and futures: basis, short and long hedging, hedge ratio, and the risk of hedging.

Unit V: Swaps**5 hours**

Concept and nature; Features of swaps; Introduction to interest rate swaps, currency swaps and equity swaps.

Unit VI: Over-the-Counter Products**4 hours**

Interest rate options: caps, floors and collars; Swap options; Exotic options; Credit derivatives: credit default swap, credit default exchange swap, credit spread derivatives, total return swap and credit-linked note; Difference between securitization and credit derivatives

Unit VII: Derivative Markets in Nepal**5 hours**

Development of derivative market in Nepal; Instruments traded in the market; Mechanics of trading, Regulation of derivative markets in Nepal; Issues in derivative markets of Nepal.

Basic Texts

1. Chance, D. M. and Brooks, R. *An Introduction to Derivative and Risk Management*. New Delhi: Cengage Learning India Pvt. Ltd.
2. Kumar, S.S.S. *Financial Derivatives*. New Delhi: Prentice-Hall of India.

References

1. Hull, J. C., and Basu, S. *Options, Futures, and other Derivatives*. New Delhi: Pearson Education Pvt. Ltd.
2. Parasuraman, N. R. *Fundamentals of Financial Derivatives*. New Delhi: Wiley India.

FIN 438 Trade Finance

Course Objectives

This course aims to provide students the basic understanding of important concepts and practice of trade finance. The course also equips students with the essential theoretical knowledge and practical skills to properly manage trade finance.

Course Description

This course focuses on both theoretical aspect and practical aspect of trade finance. This course covers introduction to trade finance, theories of international trade, clean payment transactions, documentary collection and documentary credit, important trade documents, pre-shipment trade finance and post-shipment trade finance, forfeiting and factoring, bank guarantees and domestic trade finance, and risk management.

Course Outcomes

By the end of this course, students should be able to:

- Understand concept, scope, importance and suppliers and users of trade finance, and methods of payments international trade finance;
- Understand the international trade theories;
- Analyze the methods of clean payments and apply the different methods of clean payments in international trade;
- Understand the concept of different aspects of documentary collection and credit, and handle the documentary collection and credit processes;
- Handle and manage the important trade documents;
- Understand the basic concepts of pre-shipment and post-shipment trade finance and manage the pre-shipment and post-shipment trade finance;
- Understand the theoretical aspects of forfeiting and factoring and apply the different models of factoring to finance the trade;
- Describe the procedures of bank guarantee and manage the domestic trade finance; and
- Analyse and manage the transport management risk, credit management risk and foreign exchange management risk.

Course Contents

Unit I: Introduction

6 hours

Concept of trade finance, Scope of trade finance, importance of trade finance, types of trade finance: domestic trade finance and international trade finance, Providers of trade finance: suppliers, banks, syndicates, trade finance houses and buyers, User of trade finance: producer, manufacturer, importers, traders, and exporters, and methods of payment in international trade.

Unit II: Theory of International Trade

4 hours

The theory of absolute advantage, the theory of comparative advantage, the Heckcher-Ohlin theory, and the factor-price equalization theory.

Unit III: Clean Payment Transactions**6 hours**

Cash-in-advance: characteristics of cash-in-advance, methods of cash-in-advance—wire transfer, credit card, payment by check, when to use cash-in-advance terms, Open account: characteristics of open account, offering open account terms in the competitive markets—export working capital financing, government guaranteed export working capital program, export credit insurance, and export factoring, forfeiting.

Unit IV: Documentary Collections and Documentary Credit**8 hours**

Documentary collection: introduction, exporter and exporter's bank, importer and importer's bank, dishonour, protest bill, settlement of bill, risks, usance D/P bill; Documentary credit: introduction, parties to letter of credit, interbank communication, process details, types of letter of credit—revocable L/C, irrevocable L/C, confirmed L/C, sight credit and usance credit, back to back letter of credit, transferable L/C and standby L/C, calculation of fee and reimbursement, risk associated with the opening import L/C, regulatory requirements, trade control requirement, and exchange control requirements.

Unit V: Important Trade Documents**4 hours**

Air waybill, bill of lading, certificate of origin, combined transport documents, commercial invoice, draft (bill of exchange), insurance policy certificate, insurance policy, insurance certificate, packing list/specification, and inspection certificate.

Unit VI: Pre-shipment and Post-shipment Trade Finance**5 hours**

Pre-shipment trade finance: types of pre-shipment finance, requirement for getting packing credit, different stages of pre-shipment trade finance, and special cases; post-shipment trade finance: features, financing of various types of exports, buyer's credit, supplier's credit, types of post-shipment finance, and option for exporters.

Unit VII: Forfeiting and Factoring**5 hours**

Brief history of forfeiting, documentary requirement, fee type description, factoring, different models of factoring, benefits of factoring, operating process of factoring, bill discounting versus factoring.

Unit VIII: Bank Guarantees and Domestic Trade Finance**3 hours**

Types of bank guarantee, general guidelines and procedures of bank guarantee, standby letter of credit, and co-acceptance of bill; Channel financing, and vendor financing.

Unit IX: Risk Management**7 hours**

Transport risk management: scope of coverage, specialist covers, seller's/buyer's contingent interest insurance, consequential loss insurance, charter's liability insurance; Credit risk management: concept of credit risk management, types of contract, credit insurance, payment risk, bad debt protection and benefits of credit cover; and foreign exchange risk management options: non-hedging forex risk management technique, forex forward hedges, and forex option hedges.

References

1. Indian Institute of Banking and Finance. *Practitioners' Book on Trade Finance*. Bangalore: Taxmann Publication.

2. US Department of Commerce, International Trade Administration. *Trade Finance Guide: A Quick Reference for U.S Exporter*. Washington DC: International Trade Administration.
3. The Wolfsberg Group. *The Wolfsberg Trade Finance Principles*. New York: The Wolfsberg Group Brigham.

FIN 471 Marketing of Banking and Insurance Services

Course Objectives

This course aims to develop students' understanding of the specific nature and problems of marketing of financial services with a view to develop students' skill in designing a plan and program for marketing of banking and insurance products and services.

Course Description

This course deals with an introduction to basics of service marketing, and financial service marketing, segmentation, targeting and positioning strategies applicable to financial services, preparation of marketing plan, key decision areas related to product, pricing, distribution, and promotions of financial services, and issues related to retail, corporate and rural banking.

Course Outcomes

By the end of this course, students should be able to:

- Understand basic concepts, theories and practices related to marketing of financial services;
- Understand financial marketing practices, marketing planning process, buyer behavior.
- Implement market segmentation, market targeting and positioning for financial services;
- Analyze the product, price, distribution and promotion strategies for financial services.
- Understand the significance of corporate banking, retail banking, and bank marketing in rural areas.

Course Contents

Unit I: Introduction

6 hours

Concept and nature of service products; difference between services and goods; strategic implications of the unique nature of service products.; nature of financial services; nature of services marketing; marketing concept and four pillars of bank marketing; services marketing mix (7ps); marketing of financial products and services in Nepal.

Unit II: Understanding the Financial Consumer

6 hours

Need to understand customer behavior in financial institutions; types of financial customers – institutional and individual; buying process of institutional and individual customers; factors affecting selection of bank and insurance services; and know your customers (KYC) guidelines of NRB.

Unit III: Strategic Marketing Planning for Banks and Insurance

8 hours

Financial customer segmentation; target marketing and brand positioning; concept of strategic marketing planning; types of marketing plan, elements of marketing plan (SWOT analysis, competitive analysis, marketing objectives, strategy formulation, implementation, control and feedback).

Unit IV: Financial Product Decisions**8 hours**

Concept of financial service products; product levels and hierarchy; products systems and its mixes; role of product managers; new product development; new product development process; the product life cycle; innovation diffusion and adoption process.

Unit V: Pricing Decisions**8 hours**

Concept and role of pricing strategy; challenges of pricing of financial services; pricing and bank's profitability; approaches of pricing (cost based, competition based, value based); different pricing strategies (penetration, skimming, promotional, relationship, price bundling, risk pricing); factors affecting pricing decision; and pricing of insurance products.

Unit VI: Distribution Decisions**6 hours**

Concept and key role of distribution channel strategy in financial services; options of distribution channels; concept of branches; face to face sales channels; bancassurance; alternative delivery channels; telephone banking; mobile banking; internet banking; multichannel banking; branch less banking; insurance agents and their roles and responsibilities.

Unit VII: Promotion Decisions**4 hours**

Objective of marketing communication; promotional tools; advertising; planning promotional campaign; media selection; measuring advertising effectiveness; public relations; sponsorship and events; direct marketing; internet as a marketing tool; and customer relationship marketing.

Unit VIII: Marketing Strategy for Retail, Corporate, and Rural Customers**8 hours**

Concept of retail banking; factors affecting retail banking; retail banking practices in Nepal; credit cards and its marketing; difference between retail banking and commercial banking; corporate customer's needs; product and services for corporate customers; rural customers and their need; overview of financial inclusion; concept of microfinance in Nepal.

Basic Texts

1. Bapat, D. (2014). *Marketing of financial services*. New Delhi: Bizmantra (Dreamtech Press), India.
2. Ehrlich, Evelyn and Fanelli, Duke (2004). *The financial services marketing hand book - tactics and techniques that produce results*, Bloomberg Press, Princeton, USA.

References

1. Pezzullo, Mary Ann. *Marketing Financial Services*. American Bankers Association, (Published for The Indian Institute of Bankers), Macmillan.
2. Manandhar, K.D. & Shiva Bhakta. Pokharel (2009). *Marketing Financial Services*. Asmita Publication and Distributors, Kathmandu, Nepal.

FIN 472 IT for Financial and Insurance Services

Course Objectives

The objective of the course is to provide students with the understanding of Information Technology (IT) and its application in banking and insurance sector. The course focuses on the understanding information system specific to banking and insurance services. This course also attempts to help students understand and cope with emerging trends in IT and IT-related risks.

Course Description

The course begins with the introduction of Information Technology, Information Systems and different types of information system including TPS, MIS/DSS, ESS, KMS and AI based systems. The course also covers IT systems used especially in banking and insurance sector that includes EFT, RTGS, SWITCHING, Payment and clearing, E-commerce, and related system implemented in local context. This course also deals with risk posed by IT to e-banking and e-insurance systems.

Course Outcomes

By the end of this course, students should be able to:

- Understand basic concepts, theories and practices related information systems
- Understand basics of core banking and core insurance systems and their implementations
- Understand basics of EFT, RTGS, SWITCHING and Payment Systems
- Understand basics of interbank systems, e-delivery channels for insurance and banking sector
- Understand different risks related to information systems and different mitigation measures applied to protect organization's information systems.
- Understand IT related local regulatory framework.

Course Contents

Unit I: Introduction

6 hours

Introduction of information systems (IS); IS components; qualities of information; evolution of IS; IS and level of management; IS for banking and insurance value chain; IS and next generation banking; emergence of alternative and electronic delivery channels; concept of intranet; and internet and extranet.

Unit II: IT Enabled Banking Solutions

12 hours

Core banking solution; technology behind core banking solution; core system for insurance companies; functional modules in core banking software; functional modules in insurance systems. Concept of payment and settlement systems: SWIFT and interbank fund transfer systems, and electronic cheque clearing systems; banking and insurance for the poor; technology for value chain financing for financial inclusion; IT for anti money laundering (AML).

Unit III: Implementing IT Enabled banking solutions

6 hours

Core system planning; requirement analysis and specification; core system design; system testing/UAT; system conversion for core systems; system maintenance; system performance

evaluation and review; hardware, software and IT services selection factors; and change management practices during IS implementation for banking and insurance sector.

Unit IV: Emerging IT trends in Banking and Insurance

10 hours

Concept of electronic wallet; stored value account systems; mobile payments; card technology (debit, credit, prepaid); real time gross settlement (RTGS); mobile application for E-banking and E-insurance; data mining and business intelligence for banking and insurance; anomaly and fraud detection; SMS and mobile delivery options for banking and insurance companies.

Unit V Security of E-banking and E-insurance

6 hours

Need to regulation for electronic banking/insurance; risks posed by IT in banking and insurance; security challenges to IT systems and prevention measures; controls in core systems; controls in to ATM operations; controls in mobile systems; controls in internet banking systems; concept of business continuity planning and disaster recovery planning; audit of information systems; requirement of PCI-DSS and PA-DSS standards.

Unit VI: IT in Banking and Insurance – Local Regulatory Framework

8 hours

NRB IT guidelines; national payment system development strategy; settlement of payments; retail systems; government payments; securities depository; clearing and settlement mechanisms; interbank money market; international remittances; oversight of the national payments system; co-operative framework for the payments system; and E-banking guidelines.

References

1. Sriram, M.Revathy, R (2008). *Core banking solution: evaluation of security and controls*: Delhi: PHI Learning Pvt. Ltd.
2. Alan Calder, Geraint Williams. (2014). *PCI DSS: A pocket guide*; IT Governance Publishing
3. Nepal Rastra Bank (2015) *Nepal Payment System Development Strategy*. www.nrb.org.np/bfr/bfrcirculars.php?tp=2071-72&&vw=15
4. Doing Digital Finance Right. *CGAP*. www.cgap.org/publications/doing-digital-finance-right.

FIN 473 Special Topics in Insurance

Course Objectives

This course aims to enhance students' knowledge on special areas of insurance. It also aims to develop students' skill in dealing with the special nature of the products and processes of these insurances.

Course Description

This course is built on the core courses of insurances and covers special topics which were not addressed in those courses. The first part of the course covers governance of insurers, analysis of insurers' financial statements and performance indicators including benchmarking. The second part of the course covers social insurance, retirement plans, micro insurance, and deposit and credit guarantee in Nepal.

Course Outcomes

By the end of this course, students should be able to:

- Understand the governance structure of insurers;
- Analyze financial statements of the insurers against performance indicators and benchmarks;
- Understand important aspects of social insurances;
- Explain different types of retirement plans;
- Understand basic principles and models of micro insurance delivery; and
- Describe the deposit and credit guarantee provisions in Nepal.

Course Contents

Unit I: Governance of Insurers

6 hours

Rights of share holders; protection of insured interest; board of directors: composition, qualification and appointment; executive management; disclosure; regulation and supervision;

Unit II: Financial Statement of Insurers

6 hours

An overview of insurer' balance sheets; income statements; profit and loss account; investment guidelines; accounting standard; inspections: onsite and offsite.

Unit III: Performance Indicators and Benchmarking

6 hours

Performance indicators related to marketing and distribution; financial performance indicators: Solvency margin, risk based capital, capital adequacy ratios, CAMELS parameters of insurers, efficiency and client value; rating system in insurance.

Unit IV: Social Insurance

8 hours

Concept of social protection and social insurance; social vs commercial insurance; old-age, survivors, and disability insurance; types of benefits; medicare; unemployment insurance; workers compensation; universal health insurance; social insurance practices in developed and developing countries; status of social protection in Nepal; role of insurance companies in social insurance.

Unit V: Retirement Plans**8 hours**

Fundamentals of private retirement plan; types of qualified retirement plans; defined-contribution plan; defined-benefit plans; profit-sharing plans; other types of plans; retirement plans for the self-employed; simplified employee pension; simple retirement plans; funding agency and funding instruments.

Unit VI: Micro insurance**8 hours**

Micro insurance introduction and characteristics; basic principles; models of micro insurance delivery: partner-agent model, community based model, institutional options; micro insurance product: agriculture and live stocks, fishery, weather, crop; micro finance and micro insurance.

Unit VII: Deposit Insurance**6 hours**

Fundamentals of deposit insurance; global practices of deposit insurance; Deposit and Credit Guarantee Corporation: establishment, objectives and functions.

Basic Texts

1. Rejda, G. E. *Principles of risk management and insurance*. New Delhi: Pearson Education.
2. Vaughan, E. J. & Vaughan, T. M. *Fundamentals of risk and insurance*. John Wiley & Sons.

References

1. Sethi, J. & Bhatia, N. *Elements of banking and insurance*. Delhi: Prentice-Hill.
2. Harrington, S. E. *Risk management and insurance*. New Delhi: Tata McGraw- Hill Publishing Company Limited
3. Nepalese Insurance Act, 1992 and Insurance Regulation, 1993.
4. Annual Reports of Deposit and Credit Guarantee Corporation Nepal.