

Project 1

DKY Financial Consulting Company maintains current account in united bank and borrowed from the bank. The company provides financial consulting services to ten saving and credit association in Addis on credit. The saving and credit association provides trainings to individuals and the society on personal savings.

Task 1.1 Assuming that you are bank clerk of united bank what is your role in opening and Maintaining Current account of DKY Company?

- Give greeting services to customer with respect
- Ask the customer to identify what they need and provide accurate information
- Interview the customer to gather relevant information from customer with applicant identification such as:
 - Valid and renewed Licenses
 - Renewed and Valid ID, card of authorized person
 - Tax identification Number
 - Memorandum and article of association
 - Letter of requesting to and operate an account that signed by designated person
 - Valid and renewed ID. card of kabala, employer organization or driving license or farmers association
 - Minimum Balance required to opening the account
 - Designated Person signatory
 - Minutes of the board directors to open and operate account
 - Two pass port size photographs

- Give relevant documentation for the selective service and products and assist the applicants when completing such documents (forms).such as:-Application form, Deposit slip and Signatories form
- Assess the gathered information for accuracy and sufficiency
- Verify the completed document
- Process the application or transaction in accordance to the policy and procedures

Task 1.2 Identify the intermediaries of financial market system in Ethiopia.

Intermediaries

- Bank
- Insurance company
- Credit association
- Corporation

Task 1.3 Identify the roles of National Bank of Ethiopia?

- regulating banks and other financial institutions
- maintaining financial stability
- managing government debt
- regulating the payments system

Setting and implementing monetary policy

Task 1.4 Demonstrate how you process basic financial transactions.

- process **Customer transactions** in an accurate and timely manner using standard **policies, procedures and systems**
- check Documentation or systems entry to support transactions for accuracy and completeness and maintain and verify customer account and transaction details using correct procedures
- resolve or refer Customer complaints and disputes to other authorized personnel and rectify customer accounts where it is necessary

Perform Accurate reconciliation of subsidiary ledgers to general ledger accounts and levy fees appropriate to the transaction in accordance with standard procedures

Task 1.5 Identify services provided by your bank to customers at list five.

- **Service provided by bank**
 - Issuance of [chequebooks](#) so that bills can be paid and other kinds of payments can be delivered by post
 - Provide [personal loans](#), [commercial loans](#), and [mortgage loans](#) (typically loans to purchase a home, property or business)
 - Issuance of [credit cards](#) and processing of credit card [transactions](#) and billing
 - Issuance of [debit cards](#) for use as a substitute for [cheques](#)
 - Allow financial transactions at branches or by using [Automatic Teller Machines](#) (ATMs)
 - Provide wire transfers of funds and [Electronic fund transfers](#) between banks
 - Facilitation of standing orders and direct [debits](#), so payments for bills can be made automatically
 - Exchange foreign currency
 - Provide [overdraft](#) agreements for the temporary advancement of the Bank's own money to meet monthly spending commitments of a customer in their current account.
 - Provide internet banking system to facilitate the customers to view and operate their respective accounts through internet.
 - Accepting the deposits from customer and provide the credit facilities to them.

Task 1.6 Demonstrate how you transfer or close customer account.

- Interview account holders seeking to transfer or close an account to identify the reason of account holder for transfer or close an account
- Gathered the required information to transfer and close account and assess the accuracy and sufficiency of information according to the standard organization procedures
- Check his/ her name in black list
- Identify the details complaints of account holders relating to the account

- Provide relevant document to account holders and Verify the completed document
- process the application to transfer or closure an account in accordance to the organization policy and procedures

Provide the finalization of the process to customers

Task 1.7 Identify roles of credit to the society

- Enabling approved applicants the ability to purchase items (goods and/or services) where the cost of the item exceeds current savings available.
- Credit can provide a smooth flow of Money through economy.
- It covers large capital expenditures that would be impossible to obtain.
- It is a bridge that links all normal social relationships.
- It is used to finance business short and long-term operation as a part of its overall corporate finance strategy.
- It build up financial capacity
- Create job opportunity
- It increase saving mobilization
- it increase family wealth
- It used to increase domestic products

Task 1.8 What is the role of open & maintain bank account

- Bank account facilitates a safe custody of money
- Bank account helps in collection of money
- Bank account helps in smooth transactions
- Bank account holders get a safe deposit locker
- Bank account holders get advances and loans

and the financial status of the borrower. A running business limit may be required to furnish additional information in respect of:

- Assets and liabilities
- Profit and loss for the last 3 years.
- The names and addresses of three persons (which may include borrowers, suppliers, customers and bankers) for reference purposes.

2. Submission of form along with relevant documents.

The bank application form duly filled in should be submitted to the bank along with the relevant documents.

3. Sanctioning of loan

The bank scrutinizes the documents submitted and determines the credit worthiness of the applicant. If it is found to be feasible, the loan is sanctioned. If the loan is for Rs 5000 or less, normally the Branch Manager himself can take the decision and sanction the loan. In case the amount of loan is more than Rs 5000, the application is considered at regional, zonal or head office level, depending on the amount of loan.

4. Executing the Agreement

When the loan is sanctioned by the bank and the borrower is informed about it, he will have to execute an agreement with the bank regarding terms and condition for the amount of loan raised.

5. Arrangement of Security for Loan

The borrower will now arrange for security against the loan. These securities may be immovable properties, shares, debentures, fixed deposit receipts, and other documents, like, Kisan Vikas Patra, National Savings Certificate, as per agreement.

When the borrower completes all the formalities, he is allowed to get the amount of loan/advance/ over draft as sanctioned by the bank. In case of 'discounting of bills', the bank credits the amount of bill to the customer's account before the realization of the bill

Project 2

The following data is given for personal income and expenditure for Kaleb Demela from July to December 2014. Ato Kaleb wants to save the remaining income after all expenditures are covered.

Description	July	August	September	October	November	December	Total
Clothing's	1,377.00	-	1,377.00		1,660.50		
Food and other consumption	6,120.00	6,480.00	6,120.00	7,038.00	7,038.00	7,038.00	
Monthly house rent expense	2,295.00	2,430.00	2,295.00	2,639.25	2,767.50	2,639.25	
Overtime work	300.00	-	300.00	345.00	-	345.00	
Part time work	-	1,200.00	-	-	1,200.00	-	
Salary	15,000.00	15,000.00	15,000.00	17,250.00	17,250.00	17,250.00	
Transport expense	765.00	810.00	765.00	880.00	923.00	880.00	
Tuition Fee	15,530.00	1,620.00	15,530.00	1,759.50	1,845.00	1,759.50	
Utilities expense	306.00	324.00	306.00	351.90	369.00	351.90	
Personal saving							

Task1.1 re arranges the above data and prepares the six month budget for Kaleb?

Task 1.2 determine total revenue and expense

Project 3

Mesfin engineering business engaged on rental or construction machinery. The company import different kinds of construction machinery in order to rent thorough Dashen bank. In the year 2012 mesfin engineering plc imported roller machinate at a cost of 2,500,000 birr, 60% of the cost of machinate is covered by credit facility from Dashen bank. The loan will be replayed within five years at equal installment semi annually at a cost of 12% interest rate, the total service charge and the cost related with credit facility is 2000 for the first year of the loan period and 2500 for the second year of loan period. Assume that the bank interest policy is simple interest rate on outstanding loan and advances.

Task5.1 calculate principal repayment and cost of loan related with first year loan period

Task5.2 calculate principal repayment and cost of loan related with second year loan period

Task5.3 what is the outstanding balance of loan at the end of year three loan period

Task5.4 Identify roles of credit to the society

Project 4

Atov mikias earn birr 9500 basic salary his monthly expense is given as follows

- Clothing expense is 12% of basic salary
- Food expense is 20% of basic salary
- Rent expense is 30% of basic salary
- Education expense is 5% of basic salary
- Transportation expense is 6% of basic salary

Task 7.1. Prepares monthly budget and annual budget of ato mikias

Ato mikias wants to open and run new business with are required capital of birr 80250 based on his annual saving he borrowed the remaining amount from bank at 8.5% interest semi annually at equal installment within three years.

Task 7.2. calculate the total amount of borrowed by ato mikiyas?

Task 7.3. Determine principal and interest payment for the first year?

Task 7.4. Determine outstanding balance at the end of the second years?

COC model theoretical questions

- How can you approach or provide services to customer
- What are the role of national bank of Ethiopia
- Assume that you rotate from bank clerk to seller of treasury bill, share & bond by the bank what is your possible advice to the new customers
- Who purchases bond in financial market system
- What will be the possible ato legesse to begin the business in remote area to provide business plan & gathering information and communication
- What are the procedures to open current account and close or transfer current account
- Identify the relevant documents for taxation
- Demonstrate major documents required to open bank account
- What is the advantage of credit facilities
- Identify investment related opportunities
- What are investment related risks of personal savings
- What are your roles and responsibilities within a team
- Demonstrate your role to work effectively in the financial service sector
- Demonstrate your role in workplace meeting and discussion
- Discuss saving account, current account and Diaspora account
- What are the money market instrument
- Discuss Deposit and Non Deposit financial institution exist in Ethiopia
- What are the effects of NBE monetary policy
- What are the function of money

Answer

- **Providing service to customers by**
 - Welcoming face to face greeting
 - Asking customers what do they need
 - Giving customers relevant information about bank service
- **The role of national bank of Ethiopia**
 - Regulating banks and other financial institutions
 - Regulating the payment system
 - Managing government liabilities
 - Implementing monetary policy
 - Controlling foreign currency exchange rate
- **I will give the customers to choose the types of account provided in our bank such as:**
 - Customer deeming account
 - Investment account
 - Saving account
 - Retirement account
- **Bond can be purchased by**
 - Banks and non banking institutions
 - Individuals
 - Investors
 - Corporations
 - Partners
 - Manufacturing firms
- **Source of gathering information's can be means of communications can be**

- Families machine - telephone, fax
- Experienced business man's postal ...etc - internet, email,
- Friends
- Commercial institutions

- **To open current account**

- **To close current**

- | | |
|--------------------------------------|-------------------------------|
| • Amount of initial deposit account | - the reason to close current |
| • Signature of a person organization | - memorandum of the |
| • Memorandum | - authorized signature |
| • Photo, address | - account detail |
| • Renewed business license | - renewed business license |

- **The relevant document for taxation can be**

- Sales invoice
- Purchase invoice
- Vat invoice
- Withholding invoice
- Payroll sheet

- **Major documents to open bank account can be**

- Valid and renewed license
- Renewed and valid ID card of authorized person
- Tin number
- Memorandum and article of association

- Letter request to operate an account which is signed by designated person

9 . The advantage of credit facilities can be

- To obtain and purchase item immediately
- Minimizes the need to carry cash or write cheques
- Allows for installment payment on expensive items
- Improves family living level

10 Investment related opportunities can be identified by

- Investigating business opportunities
- Undertaken feasibility study
- Undertaken market research on products or service
- Evaluating the impact of emerging or changing technology

11. Investment related risks can be

- Bankruptcy
- Inflation risk
- Competition
- Unavailability of resources

12. Role and responsibilities in a team may include

- Identifying individual role and responsibilities within a team members
- Identifying other member of a team duties and responsibilities
- Identifying the appropriate reporting relationships within team and external of the team

13. **I will work effectively in the financial service sector by**

1. Work effectively within the financial service sector which consists of

- Identifying guidelines, procedures and legislations of the financial service industry
- Undertaking daily work activities in accordance with specific organization and policy

2. Communicate in the workplace which consists of

- Using effective listening skill in verbal and written communications
- Developing positive relationships by mutual trust

3. Work in safely which consists of

- Following safety procedures while conducting work
- Taking action to minimize workplace hazards

14. My roles in a team may include

- Participating in work place team and discussion
- Raising ideas to solve problems
- Giving suggestion on different work activities

15. Saving account

- Initial deposit
 - Personal signature
 - Address
 - Photo
 - Identity card
- Current / cheque account
 - Application letter

- Memorandum of the organization
- Renewed business license
- Tin
- Authorized person signature
- Address photo
- Diaspora account b
 - Diaspora certification
 - Supporting letter
 - Initial deposit dollar
 - Identity card
 - Photo
 - Passport

16. Money market instruments can be

- Bill of exchange
- Commercial bill
- Government bill
- Promissory bill
- Treasury bill

17. Deposit financial institutions

- Banks (commercial bank, Global bank)
- Credit association
- Saving and loan association

Non deposit financial institutions

- Insurance
- Microfinance

- Pension organization
- Agency securities
- Investment companies

18. The effects of NBE monetary policy

- Change an interest rate
- Increase or decrease supply of money in Ethiopian economy
- Avoid a systemic collapse of financial institutions
- Regulating the Ethiopian payment system

19 the function of money (monetary policy)

- As a means of exchange for purchasing goods
- Indication of relative values between goods and services
- Measure of liquidity