

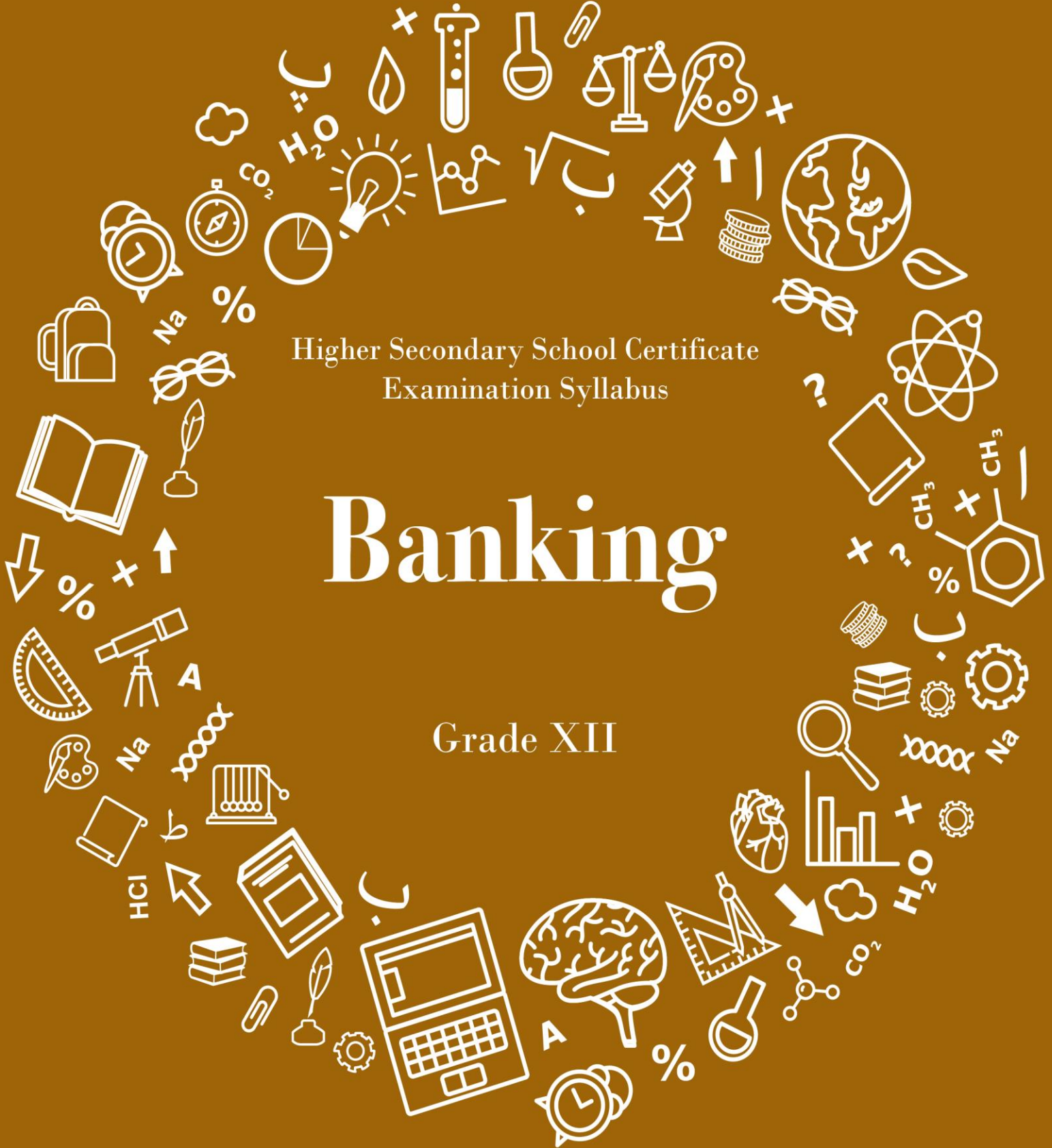


آغا خان یونیورسٹی ایگزامینیشن بورڈ
AGA KHAN UNIVERSITY EXAMINATION BOARD

Higher Secondary School Certificate
Examination Syllabus

Banking

Grade XII



FOR ANNUAL EXAMINATION 2023 AND ONWARDS

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**Higher Secondary School Certificate
Examination Syllabus**

**BANKING
GRADE XII**

**This syllabus will be examined in both
Annual and Re-sit Examination sessions from
Annual Examinations 2023**

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Preface

Established in 2002 through the Pakistan government's ordinance, the Aga Khan University Examination Board (AKU-EB) is country's first private autonomous qualification awarding body for secondary (SSC) and higher secondary (HSSC) school certifications. Its vision is to be a model of excellence and innovation in education in Pakistan and the developing world.

AKU-EB achieves its vision by developing examination syllabi which inculcate conceptual thinking and higher order learning and are aligned with National/ trans-provincial curricula and international standards. AKU-EB revises its syllabi periodically to support the needs of students, teachers and examiners.

The aims of the syllabus review of SSC and HSSC are to:

- Ensure continued compatibility with the goals of the trans-provincial curricula of Pakistan.
- Review the content for inclusion of new knowledge and deletion of obsolete knowledge.
- Review the content for clarity and relevance as per the changing needs of students, teachers and examiners.
- Enhance and strengthen continuation and progression of content both within and across grades IX - XII (SSC and HSSC).
- Ensure the readiness of students for higher education.

During the syllabus review, the needs of all the stakeholders were identified through a needs-assessment survey. Students and teachers of AKU-EB affiliated schools from across Pakistan participated in the survey. Thereafter, a revision panel, which consisted of examiners, teachers of affiliated and non-affiliated schools, teacher trainers and university academicians, reviewed and revised the syllabus following a planned, meticulous and standardised syllabi review process.

The syllabus is organised into topics and subtopics. Each subtopic is further divided into achievable student learning outcomes (SLOs). The SLOs of the cognitive domain are each assigned a cognitive level on which they have to be achieved. These cognitive levels are 'knowledge', 'understanding' and 'application', the latter also including other higher order skills. This is followed by the Exam Specification which gives clear guidance about the weightage of each topic and how the syllabus will be assessed.

The development of the revised syllabus has been made possible by the creativity and relentless hard work of Curriculum and Examination Development unit and the constant support provided by all the other units of AKU-EB. We are particularly thankful to Dr Sohail Qureshi for his very useful feedback on revising the syllabus review process, to Dr Naveed Yousuf for his continued guidance and support throughout the syllabus revision process and to Raabia Hirani for leading the syllabi revision. We are also thankful to all the students and teachers who took part in the needs-assessment survey and to the principals of AKU-EB affiliated schools who made this endeavour possible by facilitating and encouraging their teachers to be a part of the survey and the syllabus revision panel.

With your support and collective hard work, AKU-EB has been able to take the necessary steps to ensure effective implementation of the best international and trans-provincial standards through this syllabus. We are confident that this syllabus will continue to provide the support that is needed by students to progress to the next level of education and we wish the very best to our students and teachers in implementing this syllabus.



Dr Shehzad Jeeva

Chief Executive Officer (CEO), Aga Khan University Examination Board

Associate Professor of Practice, Faculty of Arts and Sciences, Aga Khan University

FOR ANNUAL EXAMINATION 2023 AND ONWARDS

Understanding of AKU-EB Syllabi

1. The AKU-EB syllabi guide the students, teachers, parents and other stakeholders regarding the topics that will be taught and examined in each grade (IX, X, XI and XII). In each syllabus document, the content progresses from simple to complex, thereby, facilitating a gradual, conceptual learning of the content.
2. The topics of the syllabi are divided into subtopics and **student learning outcomes (SLOs)**. The subtopics and the SLOs define the depth and the breadth at which each topic will be taught, learnt and examined. The syllabi also provide enabling SLOs where needed to scaffold student learning.
3. Each SLO starts with an achievable and assessable **command word** such as describe, relate, evaluate, etc. The purpose of the command words is to direct the attention of teachers and students to specific tasks that the students are expected to undertake in the course of their studies. The examination questions are framed using the same command words or their connotations to elicit evidence of these competencies in students' responses.
4. The topics of the syllabi are grouped into themes derived from the National/ trans-provincial curricula. The connection between various themes and topics is highlighted in the '**concept map**' provided at the beginning of each syllabus. This ensures that students begin to understand the interconnectedness of knowledge, learn conceptually and think critically.
5. The SLOs are classified under three **cognitive levels**: knowledge (K), understanding (U) and application and other higher order skills (A) for effective planning during teaching and learning. Furthermore, it will help to derive multiple choice questions (MCQs), constructed response questions (CRQs) and extended response questions (ERQs) on a rational basis from the subject syllabi.
6. By focusing on the achievement of the SLOs, these syllabi aim to counter the culture of rote memorisation as the preferred method of examination preparation. While suggesting relevant, locally available textbooks for achieving these outcomes, AKU-EB recommends that teachers and students use multiple teaching and learning resources for achieving these outcomes.
7. The syllabi follow a uniform layout for all subjects to make them easier for students and teachers to follow. They act as a bridge between students, teachers and assessment specialists by providing a common framework of student learning outcomes and **exam specifications**.
8. On the whole, the AKU-EB syllabi for Secondary School Certificate (SSC) provide a framework that helps students to acquire conceptual understanding and learn to critically engage with it. This lays a solid foundation for HSSC and beyond.

Subject Rationale of AKU-EB Banking

What will you learn in AKU-EB Banking?

Banking syllabus of AKU-EB will give an insight of how this industry functions and informs about different functions and services that are rendered by different types of banks and other financial institutions. The said syllabus helps in analysing the roles of banking industry in providing the following by

- keeping the savings of the individuals in their custody
- providing funds in the form of loans to initiate a business,
- improving the living standard of the people by creating job opportunities,
- supporting government in formulating and framing laws for effective circulation of money,
- facilitating in foreign trade and improving foreign relations.

Where will it take you?

Syllabus of Banking will help in exploring different fields available for the students under this industry. Such as banking, finance, management, accounting, audit and risk management.

How to approach the syllabus?

The concept map of the syllabus gives an overview of the entire syllabus. The topics and the student learning outcomes (SLOs) guide regarding the details about what has to be achieved. And finally, the exam specification guides regarding what will be expected in the examination.

What is the concept map telling you?

The concept of banking practices crops up the perception of financial institutions. The concept map depicts the concept of modern banking practices from specialized to generalized financial institutions. It exhibits the existence of regulator and economic advisor to government i.e. central bank.

BANKING



INTRODUCTION
TO BANKING



FOREIGN
EXCHANGE



COMMERCIAL
BANK



CENTRAL
BANK



BANKING
INSTRUMENTS



BANK ADVANCES
AND FUNDS



PAKISTAN'S
SPECIALISED
FINANCIAL
INSTITUTION

Student Learning Outcomes of AKU-EB HSSC Banking Syllabus

Part II (Grade XII)

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level ¹		
			K	U	A
1. Introduction to Banking and Banking System	Students should be able to:				
1.1 Evolution and Origin of Banking	1.1.1	explain the barter trade system and mode of exchange in terms of commodity (i.e. goods for goods);		CA	
	1.1.2	elaborate the difficulties it brings to the economy and how it leads to need of a medium of exchange;		CA	
	1.1.3	define the term 'money';	*		
	1.1.4	explain the functions (features) of money;		CA	
	1.1.5	explain the stages of evolution of money (merchant, money lender and goldsmith);		*	
	1.1.6	sketch a timeline of evolution of banking from ancient to modern era: a. Egyptians and Babylon's b. Greeks and Romans c. Chinese d. Europe e. USA;	CA		
	1.1.7	explain how different stages of evolution of money lead to banking;		*	
	1.1.8	define bank as per Banking Companies Ordinance 1962 (Pakistan);	*		

¹ K = Knowledge, U = Understanding, A = Application and other higher-order cognitive skills
CA = Classroom Activity, not to be assessed under examination conditions

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
1.2 Formation of Bank	1.2.1	explain the steps involved in the formation of a bank under the following methods: a. royal charter b. special ordinance c. companies ordinance;		*	
	1.2.2	describe the different forms of banking systems, i.e. a. mixed banking b. unit banking c. branch banking d. group banking e. corresponding banking;		*	
	1.2.3	analyse the merits and demerits of each banking system mentioned in SLO 1.2.2;			*
	1.2.4	discuss the characteristics of an effective banking system;		*	
1.3 Kinds of Banks	1.3.1	differentiate between the following kinds of banks with reference to their functions: a. central bank b. commercial bank c. specialized bank (i.e. agricultural bank, foreign exchange bank, saving bank, investment bank and microfinance bank) d. consortium bank;		*	
	1.3.2	differentiate between the following kinds of banks with reference to their ownership: a. private bank b. public bank		*	

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
		<ul style="list-style-type: none"> c. nationalised bank d. statutory bank e. chartered bank f. cooperative bank g. partnership bank; 			
1.4 Departments in a Bank	1.4.1	explain the functions of the following types of departments in a bank i.e. <ul style="list-style-type: none"> a. cash department b. accounts department c. marketing department d. human resource department e. public relation department f. legal department g. security department h. foreign exchange department i. research and development department j. audit department; 		*	
	1.4.2	explain the role of key departments of a bank;		*	
1.5 Role of Banking in Economic Development	1.5.1	explain the role of banking sector as: <ul style="list-style-type: none"> a. an intermediary among the businesses b. employment opportunity provider c. usher saving habits among society which leads to investments d. economic growth and development of an economy; 		*	

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
1.6 E-Banking (electronic banking)	1.6.1	define the term ‘e-banking’;	*		
	1.6.2	explain instruments required in e-banking;		*	
	1.6.3	discuss the advantages and disadvantages of e-banking;		*	
	1.6.4	explain the role of e-banking for the following: a. customer b. banking sector c. society;		*	
	1.6.5	describe working of different modes of e-banking, i.e. a. internet banking b. mobile phone banking (m-banking) c. PC Banking d. ATM banking e. debit and credit card f. electronic fund transfer (online transfer);		*	
	1.6.6	identify the services rendered by e-banking;		*	
	1.6.7	analyse the importance of e-banking in the economic development of a country.			*

Topics and Sub-topics		Student Learning Outcomes		Cognitive Level		
				K	U	A
2. Commercial Bank		Students should be able to:				
2.1	Introduction to Commercial Bank	2.1.1	define the term ‘commercial bank’;	*		
		2.1.2	explain types of commercial banks (schedule and non-schedule bank);		*	
		2.1.3	explain the benefits that a schedule bank enjoys over a non-schedule bank;		*	
		2.1.4	elaborate the procedure for converting a non-scheduled bank into a scheduled bank with reference to Companies Ordinance 1984 (Pakistan);		*	
2.2	Primary Functions of Commercial Banks <ul style="list-style-type: none"> • Bank account and its type • Procedure of opening a bank account • Merits of opening an account • Relationship between bank and customer • Termination of an account 	2.2.1	describe the different functions performed by a commercial bank, i.e. receiving deposits and advancing loans;	*	*	
		2.2.2	explain the important primary functions of a commercial bank;		*	
		2.2.3	define bank account with reference to primary functions of bank;			
		2.2.4	describe the kinds of bank accounts (saving, current, fixed, basic banking account and young saver account);		*	
		2.2.5	evaluate the kinds of bank accounts being offered by commercial banks in Pakistan with reference to their characteristics;			*
		2.2.6	describe the process of opening the following types of bank account: <ul style="list-style-type: none"> a. minor b. individual c. business; 		*	
		2.2.7	elaborate the key features of an account opening form (AOF) for different types of accounts;		*	

Topics and Sub-topics		Student Learning Outcomes	Cognitive Level		
			K	U	A
		Students should be able to:			
		2.2.8 list the documents required for opening of a bank account for the following: a. minor b. individual c. different forms of business (i.e. sole proprietorship, partnership, company and non-profit concern);	*		
		2.2.9 explain the process of opening a bank account with reference to bank and client (individual or business);		*	
		2.2.10 evaluate the benefits (merits) of opening a bank account for a/an: a. customer b. banker c. entrepreneur d. business organization;			*
		2.2.11 explain the relationship between bank and a customer (account holder) with reference to primary functions i.e. a. rights and duties of a bank towards its customer b. rights and duties of a customer towards bank;		*	
		2.2.12 discuss the reasons for termination of account by the bank and client (customer);		*	
		2.2.13 explain the procedure for termination of account;		*	
2.3	Secondary functions of commercial banks <ul style="list-style-type: none">Relationship between bank and customer	2.3.1 describe the important secondary functions of a commercial bank, i.e. a. utilities services b. agency services c. miscellaneous services;		*	

Topics and Subtopics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
	2.3.2	describe the utility functions performed by commercial banks, i.e. a. collection of cheques b. collection and payment of salaries, wages, incomes and expenditures c. purchase and sale of securities d. act as a trustee and correspondent e. provide locker facility f. provide insurance facility;		*	
	2.3.3	describe the agency functions performed by commercial banks, i.e. a. accepting and discounting of Bill of exchange** b. opening of letter of credit ** c. collection and supply of information related to trade and business d. issue and underwrite shares and debentures (bonds) e. creation of credit money** f. transfer of money (issue of travellers cheque, pay-order and bank draft)**;		*	
	2.3.4	describe the miscellaneous functions performed by commercial banks, i.e. a. collection of utility bills b. advices to client, government c. deduction of <i>Zakat</i> d. collection of <i>Hajj</i> application e. receipts of donation and relief funds;		*	

(**Only the introduction about these topics will be given here. Further elaboration will be given in the later part of the Syllabus.)

Topics and Subtopics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
	2.3.5	explain the relationship between bank and a customer (account holder) with reference to secondary functions i.e. a. bailor and bailee b. principal and agent c. mortgager and mortgagee (pawner and pawnee);		*	
2.4 Importance of a commercial banks	2.4.1	analyse the importance of the commercial banks in the economy for the following: a. general public (an individual) b. businessman and business c. government and civil administrative bodies d. private companies or corporate sector e. global perspective.			*

Topics and Subtopics		Student Learning Outcomes		Cognitive Level		
				K	U	A
3. Central Bank		Students should be able to:				
3.1	Definition and historical background	3.1.1	define the term 'central bank';	*		
		3.1.2	describe the historical background and evolution of central bank;		CA	
		3.1.3	describe the historical background and evolution of State Bank of Pakistan;		CA	
3.2	Functions of a Central Bank <ul style="list-style-type: none"> • Banker's Bank • Clearing House • Cash reserve to the bank • Credit creation and credit control • Banker to Government/ Economy • Method of issuing currency note • Agent to Government • Monetary Policy • Fiscal Policy • Central Banks • State Bank of Pakistan (SBP) 	3.2.1	describe the functions of central bank as a banker to: <ul style="list-style-type: none"> a. bank b. government/ economy c. general public; 	*	*	
		3.2.2	explain the facilities provided by central bank to commercial banks as banker's bank, i.e. <ul style="list-style-type: none"> a. advance the loans to commercial banks b. rediscount the bills of exchange c. provide guidance and counseling to commercial bank d. lender to the last resort e. assist other financial institutions f. clearing house g. credit creation h. interbank offer rate (e.g. KIBOR and LIBOR); 		*	
		3.2.3	elaborate the process (functions) of clearing house;		*	
		3.2.4	describe the advantages of a clearing house;		*	
		3.2.5	define the term 'cash reserve ratio';		*	
		3.2.6	explain the factors that result in fluctuation of cash reserves at central bank;		*	
		3.2.7	evaluate the relationship between cash reserve and total deposits;			*

Topics and Subtopics	Student Learning Outcomes	Cognitive Level		
		K	U	A
	Students should be able to:			
	3.2.8 explain the significance of cash reserves;		*	
	3.2.9 explain the concept of credit creation, extraction and contraction of credit;		*	
	3.2.10 explain the objectives of credit creation;		*	
	3.2.11 calculate credit creation through maximum credit creation formula;			*
	3.2.12 explain assumptions for calculating credit creation;		*	
	3.2.13 explain the limitations of credit creation;		*	
	3.2.14 calculate credit extraction and contraction of credit by the help of formula;			*
	3.2.15 explain the objectives of credit control;		*	
	3.2.16 explain the difficulties of credit control;		*	
	3.2.17 elaborate the tools or instruments to credit control (quantitative and qualitative methods);		*	
	3.2.18 explain the facilities provided by central bank to government and to economy, i.e. a. collector of tax revenue b. advisor to government c. economic planner for development d. custodian of foreign exchange reserve e. issuer of currency notes f. agent to government g. controller of monetary and fiscal policy;		*	
	3.2.19 explain the following methods of issuing currency notes: a. fixed fiduciary method b. proportional reserve system c. minimum reserve method;		*	

Topics and Subtopics	Student Learning Outcomes	Cognitive Level		
		K	U	A
	Students should be able to:			
	3.2.20 discuss the merits and demerits of different methods of issuing notes;		*	
	3.2.21 explore the method of issuing currency note in Pakistan;			*
	3.2.22 explain the functions of agency performed by central banks for the government: a. underwriting services b. making adjustment to government loan c. issuing treasury bills;		*	
	3.2.23 define the term 'monetary policy';	*		
	3.2.24 describe the objectives of monetary policy;		*	
	3.2.25 discuss various tools of monetary policy;		*	
	3.2.26 explain the process of controlling rate of inflation and deflation through monetary policy by a central bank;		*	
	3.2.27 define the term 'fiscal policy';	*		
	3.2.28 describe the objectives of fiscal policy;		*	
	3.2.29 explain how fiscal policy helps central banks to control and monitor economic development;		*	
	3.2.30 discuss the role of central bank in the economic development of a country;		*	
	3.2.31 differentiate between commercial bank and central bank;		*	
	3.2.32 explain the history of State Bank of Pakistan;		CA	
	3.2.33 explain the role and function of the State Bank of Pakistan;		*	
	3.2.34 describe the functions of the departments of State bank of Pakistan;		*	
	3.2.35 analyse the importance of the SBP in the economic development of Pakistan.			*

Topics and Subtopics	Student Learning Outcomes		Cognitive Level		
			K	U	A
4. Banking Instruments	Students should be able to:				
4.1 Concept of credit instruments	4.1.1	define the term ‘credit instruments’;	*		
	4.1.2	describe the kinds of credit instruments, i.e. negotiable and non-negotiable;		*	
	4.1.3	analyse the importance of credit instruments;			*
4.2 Negotiable Instruments <ul style="list-style-type: none"> • Cheques • Bills of Exchange (BoE) • Promissory Note (PN) • Differences • Letters of Credit (L/C) 	4.2.1	explain the following kinds of negotiable instruments: <ul style="list-style-type: none"> a. cheque b. bill of exchange (BOE) c. promissory note (PN) d. letter of credit (L/C); 		*	
	4.2.2	describe different parties to cheque;		*	
	4.2.3	describe the key features of a cheque;		*	
	4.2.4	explain the kinds of cheques, i.e. <ul style="list-style-type: none"> a. primary (bearer, ordered and crossed) b. secondary (open, blank, stale, post-dated, mutilated, forged, loose, honoured, dishonoured, stolen, travellers, and joint); 		*	
	4.2.5	explain crossing of a cheque and its kinds;		*	
	4.2.6	describe termination of a crossed cheque;		*	
	4.2.7	describe dishonour of a cheque and its causes;		*	
	4.2.8	discuss the merits of issuing cheque;		*	
	4.2.9	draw a specimens of different types of cheque i.e. (bearer, ordered and crossed);			*
	4.2.10	analyse the impact of crossing, termination and dishonour of cheque under different situations;			*
	4.2.11	define the parties of bill of exchange (BOE);	*		
	4.2.12	explain essential features of a bill of exchange (BOE);		*	
	4.2.13	explain the procedure of issuing BOE;		*	

Topics and Sub-topics	Student Learning Outcomes	Cognitive Level		
		K	U	A
	Students should be able to:			
	4.2.14 describe the kinds of BOE;		*	
	4.2.15 explain acceptance and kinds of acceptance of BOE;		*	
	4.2.16 explain dishonour of BOE by non-acceptance and by non-payment;		*	
	4.2.17 explain the of concept of issuance of notice of dishonour;		*	
	4.2.18 describe the following terms with reference to BOE i.e. a. retirement b. rebate c. maturity d. grace days e. discounting f. notary public g. holder in due course;		*	
	4.2.19 elaborate the process of noting and protecting of dishonoured BOE;		*	
	4.2.20 explain the types of dishonour of BOE;		*	
	4.2.21 explain the uses of BOE;		*	
	4.2.22 draw a specimen of a bill of exchange;			*
	4.2.23 analyse the impact of acceptance and dishonour of BOE under different situations;			*
	4.2.24 define the parties to a promissory note;	*		
	4.2.25 explain essential features of a promissory note;		*	
	4.2.26 explain the different kinds of promissory notes;		*	
	4.2.27 explain the uses of promissory note;		*	
	4.2.28 draw specimen of different types of promissory notes;			*
	4.2.29 differentiate between the following types of negotiable instruments: a. promissory note and cheque		*	

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
		b. cheque and bill of exchange c. bill of exchange and promissory note;			
	4.2.30	describe the parties involved in a letter of credit;		*	
	4.2.31	explain the different kinds of commercial letter of credit;		*	
	4.2.32	elaborate the procedure of opening a commercial letter of credit;		*	
	4.2.33	explain the essential features of letter of credit;		*	
	4.2.34	explain the importance of a commercial letter of credit;		*	
	4.2.35	describe the advantages of letter of credit;		*	
	4.2.36	analyse the features of different letter of credit;			*
4.3 Endorsement	4.3.1	describe the concept of 'endorsement';		*	
	4.3.2	explain the different kinds of endorsement;		*	
	4.3.3	explain elements of endorsement of a cheque;		*	
	4.3.4	explain different ways of endorsing a negotiable instrument (types of endorsements);		*	
	4.3.5	explain the significance of endorsement of negotiable instruments;		*	
	4.3.6	explain the liabilities of endorser and endorsee;		*	
	4.3.7	explain the rights and duties of parties in endorsement of a negotiable instrument;		*	
	4.3.8	analyse the impact of endorsement on cheque, BOE, PN and L/C;			*

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
4.4 Non Negotiable Instruments	4.4.1	explain the types of non-negotiable instruments, i.e. a. bank draft b. stock certificate c. money/ postal order d. I owe you e. dividend warrants f. easy paisa;		*	
	4.4.2	explain the features of the above mentioned non-negotiable instruments;		*	
	4.4.3	list the different parties involved in different non-negotiable instruments;	*		
	4.4.4	compare the merits of different non-negotiable instruments;		*	
	4.4.5	draw specimen of different non-negotiable instruments;			*
4.5 Credit & Debit Card	4.5.1	define the term 'plastic money';	*		
	4.5.2	elaborate the significance of plastic money in modern economy;		*	
	4.5.3	compare the features of debit card, credit card and ATM cards;		*	
	4.5.4	evaluate the benefits and drawbacks of using debit card, credit cards and ATM cards.			*

Topics and Sub-topics		Student Learning Outcomes		Cognitive Level		
				K	U	A
5. Bank Advance and Funds		Students should be able to:				
5.1 Principles of Employing Bank Funds	5.1.1	explain different sources of funds available to banks, i.e. a. bankers own paid-up capital b. loan from other banks c. receipts from deposit (day to day operation) d. retained profit of the business;			*	
	5.1.2	describe the principles of employing bank funds i.e. investments;			*	
	5.1.3	explain the precautionary measure take at the time of advancing funds;			*	
	5.1.4	describe profitable and non-profitable uses of bank funds;			*	
	5.1.5	describe forms of profitable uses (lending) of bank fund (short term, medium term and long term) i.e. a. car financing b. overdraft c. loans d. discounting of bills e. credit cards f. purchasing bills;			*	
	5.1.6	describe forms of non-profitable uses (lending) of bank fund i.e. a. purchase of non-current asset b. maintenance of till cash reserve c. maintenance central bank cash reserve;			*	
5.2 Uses of bank funds	5.2.1	explain the uses of bank funds i.e. a. advancing loans b. direct loans c. purchase of shares and debentures;			*	

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
	5.2.2	define the terms ‘secured and unsecured loans/ advances’;	*		
	5.2.3	explain features of secured and unsecured loans/ advances;		*	
	5.2.4	elaborate precautionary measures that a bank should take before advancing loans;		*	
	5.2.5	elaborate different cases under which unsecured advances are made i.e.		*	
		<ul style="list-style-type: none"> a. against hypothecation b. purchase of BOE c. purchase of documentary bills d. against promissory notes e. against supply bills; 			
5.3 Securities for Advances	5.3.1	define the term ‘securities for advances’;	*		
	5.3.2	explain characteristic of good security;		*	
	5.3.3	describe personal and collateral securities;		*	
	5.3.4	explain the 5C’s of credit management;		*	
	5.3.5	elaborate forms of collateral securities i.e.		*	
		<ul style="list-style-type: none"> a. banker lien b. pledge c. mortgage d. indemnity e. charge f. marketable security g. document of title h. property i. negotiable instrument j. life insurance 			

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
		k. hypothecation l. guarantee;			
	5.3.6	describe the stock exchange security with reference to its merits and demerits;		*	
	5.3.7	discuss the precautions taken before advancing the loan on stock security;		*	
	5.3.8	analyse the selection of suitable form of security under different business situations (scenario based).			*
	5.3.9	elaborate bank's process of issuing a loan to the form of securities mentioned in SLO 5.3.5 with reference to their merits and demerits;		*	
5.4 Other Lending Institutions	5.4.1	explain the functions and features of credit institutions other than banks which provide financing options to the businesses (i.e. saving and loan associations, credit unions, life insurance companies, commercial finance companies, factor companies, accepting and discounting houses, stock exchange, investment trust, leasing companies, venture – capital companies bills brokers and underwriters);		*	
	5.4.2	explain functions of lending institutions which provide personal loans or provide credit facilities on individual bases i.e. consumer finance companies, leasing companies, hire sellers (installment sales);		*	
	5.4.3	elaborate how employee's pension fund and employee's provident fund become a source of lending to businesses;		*	
	5.4.4	recommend the credit institution on the given circumstances (for business or individual) considering the pros and cons of credit.			*

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
6. Foreign Exchange	Students should be able to:				
6.1 Introduction to Foreign Exchange	6.1.1	describe the concept of foreign exchange reserves and foreign exchange rate;	*	*	
	6.1.2	define the following terms with reference to foreign trade (nominal exchange rate, real exchange rate, remittance, aids, depreciation and appreciation of value and devaluation and revaluation of money);			
6.2 Exchange Control	6.2.1	describe foreign exchange control;		*	
	6.2.2	explain the objective of foreign exchange control;		*	
	6.2.3	describe the tools used to control foreign exchange rate i.e.		*	
		<ul style="list-style-type: none"> a. exchange pegging b. clearing agreement c. standstill agreement d. transfer moratorium e. block account f. exchange equalisation fund g. exchange rationing h. import quota i. bank rate; 			
6.3 Foreign Exchange Rate	6.3.1	explain methods of determining foreign exchange rate i.e. <ul style="list-style-type: none"> a. fixed b. floating c. managed; 		*	
	6.3.2	identify the factors that affect foreign exchange rate;		*	

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
	6.3.3	analyse the impact on domestic and external economy with reference to the foreign exchange of the following: a. transfer of money (remittance) b. foreign aid c. foreign borrowing d. foreign trade;			*
6.4 Impact of Change in Value of Currency on Forex Rate	6.4.1	discuss the effect of devaluation and revaluation of money on exchange rate;	CA	*	
	6.4.2	discuss the impact of depreciation and appreciation of money on exchange rate;		*	
	6.4.3	analyse the impact of change in value of currency on an economy;			*
	6.4.4	list the inter currency exchange rates of commonly exchanged in Pakistan;			
	6.4.5	convert the value of different foreign currency as per the given conversion rate;			*
6.5 Balance of Trade (BOT) and Balance of Payment (BOP)	6.5.1	define the terms balance of trade (BOT) and balance of payment (BOP);	*		
	6.5.2	differentiate between 'balance of payment' and 'balance of trade';		*	
	6.5.3	explain the components of balance of payment, i.e. a. current account b. capital account c. foreign exchange reserves;		*	
	6.5.4	explain the equilibrium and disequilibrium of balance of payment;		*	

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
	Students should be able to:				
	6.5.5	relate balance of trade (BOT) and balance of payment (BOP);		*	
	6.5.6	discuss the macroeconomic aims of government in relationship to BOP;		*	
	6.5.7	explain the effect of inflation and deflation on the BOP of a developing country like Pakistan;		*	
	6.5.8	explain various causes of favourable and unfavourable balance of payment;		*	
	6.5.9	explain the consequences of balance of payment of disequilibrium of domestic and external economy;		*	
	6.5.10	discuss ways to improve balance of payment;		*	
	6.5.11	evaluate the components of balance of payment for the following a country (general) Pakistan (specific).			*

Topics and Sub-topics	Student Learning Outcomes		Cognitive Level		
			K	U	A
7. Pakistan Specialized Financial Institutions	Students should be able to:				
7.1 Islamic Banking	7.1.1	trace the origin of Islamic banking;		CA	
	7.1.2	compare interest free banking and islamic banking;		*	
	7.1.3	explain <i>Riba</i> and its prohibition in Islamic banking;		*	
	7.1.4	explain different accounts being offered by Islamic banks in Pakistan: a. profit and loss saving account b. profit and loss term deposit account;		*	
	7.1.5	identify the Islamic banks operating in Pakistan;		*	
	7.1.6	list the names of the Islamic banking product of conventional (commercial) banks operating in Pakistan (for e.g. Islamic product name of UBL is UBL AMEEN);	*		
	7.1.7	explain the function of Islamic banking;		*	
	7.1.8	explain the characteristics/ features of Islamic banking;		*	
	7.1.9	explain different modes of financing available under Islamic banking system, i.e., a. <i>Murabaha</i> (cost-plus sale) b. <i>Bai mu'ajjal</i> (deferred payment sale) c. <i>Bai' salam</i> (purchase with deferred delivery) d. <i>Bai' istis'na a</i> (made to order) e. <i>Takaful</i> (insurance) f. <i>Ijarah and Ijarah-Wal-Iqtina</i> (modes of leasing) g. <i>Ju'ala</i> (loans with a service charge) h. <i>Musawamah</i> (general sale) i. <i>Mudarabah</i> (form of partnership) j. <i>Musharakah</i> (form of partnership);		*	
	7.1.10	differentiate between: a. Islamic banking and conventional banking b. <i>modaraha</i> and <i>mushrika</i> ;		*	

Topics and Sub-topics		Student Learning Outcomes	Cognitive Level		
			K	U	A
		Students should be able to:			
		7.1.11	evaluate the significance of Islamic banking for the development of an economy;		*
		7.1.12	discuss the role of State Bank of Pakistan for promoting Islamic banking in Pakistan;	*	
7.2	Objective and functions of financial institutions	7.2.1	describe the objectives and functions of specialised national financial institutions, i.e. a. Investment Corporation of Pakistan (ICP) b. NIT (National Investment Trust) c. Industrial development bank of Pakistan (IDBP) d. ZTBL (Zarai Taraqati Bank Limited) e. HBFC (House Building Finance Corporation)	*	
		7.2.2	describe the objectives and functions of specialized international financial institutions, i.e. a. IMF (International Monetary Fund) b. World Bank c. Asian Development Bank;	*	
		7.2.3	analyse the role played by the specialised financial institutions mentioned in the SLO 7.2.1 and 7.2.2 in the economic development of Pakistan;		*
7.3	Pakistan's financial monetary and regulatory institutions	7.3.1	describe the objectives and functions of specialised national monetary regulatory financial institutions, i.e. a. Security and Exchange Commission of Pakistan (SECP). b. Pakistan Planning Commission (CP) c. State Bank of Pakistan (SBP).	*	

Scheme of Assessment

Grade XII

Table 1: Number of Student Learning Outcomes by Cognitive Level

Topic No.	Topic	No. of Sub-Topics	SLOs			Total SLOs
			K	U	A	
1.	Introduction to banking and banking system	6	4	18	2	24
2.	Commercial bank	4	3	17	3	23
3.	Central bank	2	4	29	5	38
4.	Banking instruments	5	5	41	10	56
5.	Bank advance and funds	4	2	20	2	24
6.	Foreign exchange	5	3	17	4	24
7.	Pakistan specialized financial institutions	3	1	13	2	16
Total		29	22	155	28	205
Percentage			11	75	14	100

Table 2: Exam Specification

Topic No.	Topics	Marks Distribution			Total Marks
		MCQs	CRQs	ERQs	
1.	Introduction to Banking and Banking System	5	Total 3 Marks (1 CRQ)		8
2.	Commercial Bank	7	Total 6 Marks (2 CRQs)		13
3.	Central Bank	8	Total 7 Marks (2 CRQs)		15
4.	Banking Instruments	7	Total 3 Marks (1 CRQ)	7 Marks Choose any ONE from TWO	25
6.	Foreign Exchange	5	Total 3 Marks (1 CRQ)		
5.	Bank Advance and Funds	5	Total 3 Marks (1 CRQ)		8
7.	Pakistan Specialised Financial Institutions	3	Total 3 Marks (1 CRQ)		6
Total		40	28	7	75

- Multiple Choice Question (MCQ) requires candidates to choose one best/ correct answer from four options for each question. Each MCQ carries ONE mark.
- Constructed Response Question (CRQ) requires students to respond with a short text (few phrases/ sentences), calculations or diagrams.
- Extended Response Question (ERQ) requires students to answer in a more descriptive form. The answer should be in paragraph form, with diagrams where needed, and address all parts of the question.

- Table 1 indicates the number and nature of SLOs in each topic in grade XII. This will serve as a guide in the construction of the examination paper. It also indicates that more emphasis has been given to the understanding (75%) Application and higher order skills (14%) to discourage rote memorisation. Table 1, however, do not translate directly into marks.
- This subject is offered in class XII.
- There will be two papers; the theory paper will be in two parts: paper I and paper II. Both papers will be administered within 3 hours.
- Paper I theory will consist of 40 compulsory, multiple choice items. These questions will involve four response options.
- Paper II theory will carry 35 marks and consist of a number of compulsory, structured questions and a number of extended response questions. Each extended response question will be presented in an either/ or form.
- All constructed response questions will be in a booklet which will also serve as an answer script.

FOR ANNUAL EXAMINATION 2023 AND ONWARDS

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