



**LANDMARK UNIVERSITY, OMU-ARAN**

**COLLEGE: COLLEGE OF BUSINESS & SOCIAL SCIENCES**  
**DEPARTMENT: ACCOUNTING & FINANCE**  
**PROGRAMME: BANKING & FINANCE**  
**COURSE COMPACT for: BFN 312**

**Course**

**COURSE CODE: BFN 312**  
**COURSE TITLE: MERCHANT AND INVESTMENT BANKING**  
Credit unit: 2 UNITS  
**COURSE STATUS: Elective**

**Course Duration**

*Two hours per week for 15 weeks (30 hours)*

**LECTURER DATA**

**NAME OF THE LECTURER:** Dr Falaye J.  
**QUALIFICATIONS OBTAINED:** BSc, M.Sc, PhD  
**DEPARTMENT:** Accounting & Finance  
**COLLEGE:** College of Business & Social Sciences  
**E-MAIL:** falaye.adebayo@lmu.edu.ng  
**OFFICE LOCATION:** A 120 New College Building 1<sup>st</sup> Floor A wing.  
**CONSULTATION HOURS:** Tuesdays 2- 3pm

**LECTURER DATA**

**Name of the lecturer:** Mr Obadiaru E.D.  
**Qualifications obtained:** B.Sc, M.Sc,  
**Department:** Accounting & Finance  
**College:** College of Business & Social Sciences  
**E-mail:** obadiaru.eseosa@lmu.edu.ng  
**Office Location:** Room A112 New College Building 1<sup>st</sup> Floor Wing A.  
**Consultation Hours:** Days and time range students can consult. e.g. Monday-Wednesday 2:00pm-3:00pm

**COURSE DESCRIPTION:**

Merchant and Investment Banking is a course focused on two similar but different financial institutions i.e. Merchant Banks and Investment Banks. The course takes an overview of the historical background of Merchant banks in relation to the origin of banking. It also looks at their changing role overtime and in different climes and detail look at their functions and legal regulatory framework and contemporary issues facing them.

**COURSE JUSTIFICATION:**

Merchant and investment Banking gives students of Finance and Banking a deeper understanding of the history of banking as a form of business and its development to other forms of financial institution including Merchant and investment banking. This make the course very relevant for students interested in knowing more about banking history and or are interested in practicing as a merchant or investment banker

**COURSE OBJECTIVES**

At the end of this course, students should:

-Know the history of Merchant and Investment Banking

-Know the functions and characteristics of Merchant and Investment Banks

-Know the legal and regulatory framework guiding the establishment and operations of Merchant and Investment Banks.

-Define loan syndication, and understand the process and parties involved.

-Understand the role of the adoption of the Universal banking system on the existence, and structure of merchant and investment banks.

**COURSE CONTENT:**

Evolution of Merchant/ Investment banking in some countries like U.S.A, UK and Nigeria; changing distinguishing features, methods, processes and functions of merchant / Investment banking; Laws and Regulatory framework for merchant / Investment banking operations and control; Structural changes and performance of merchant banks in Nigeria; Loan syndication. International operations; changing role with the emergence of Universal banking.

**COURSE EXPECTATIONS:** Lectures, and term paper (presentations), discussions and peer reviews will be employed in to facilitate the delivery of lectures. Presentations will be done by each student on a selected topic on contemporary issues related to the course to ensure that the knowledge gained is internalized.

**COURSE REQUIREMENT:**

Course requirement includes introduction to Banking and Finance, Investment and Merchant Banking, and Business Law.

**Method of Grading**

S/N	Grading	Score (%)
1	CA 1	7

2	MID SEMESTER TEST(CA2)	15
3	CA 3	8
4	Final Examination	70
	<b>Total</b>	<b>100</b>

## LECTURE CONTENT

### COURSE OUTLINE

**Week 1:** Evolution of Merchant

**Objectives:** Students will be expected to know the origin of merchant banking and how it has evolved till recent years.

➤ **Description**

First Hour: Origin of Merchant banking/ the Banking Profession

Second Hour: Historical evolution of Merchant Banking and variants in different countries

➤ **Study Question:**

**Week One Study Question(s)**

-Give a historical perspective to the origin of merchant banking throwing light on the phrase .

**Reading List**

1. Merchant Banking Principles and Practice. H.R. Machiraju

**Week 2:** Investment banking in some countries like U.S.A, UK and Nigeria;

**Objectives:** At the end of this topic students are expected to be acquainted with the origin of Investment banking as a form of banking and its operations in the US, UK and Nigeria.

➤ **Description**

First Hour: Recap on the topic on the first topic and a look at the origin of Investment banking in the US.

Second Hour: Historical evolution of Investment Banking.

➤ **Study Question:**

➤ **Reading List**

- Merchant Banking Principles and Practice. H.R. Machiraju

### **Week Two Study Question(s)**

-Give a historical view on the origin of investment banking

### **Week3: Functions of Merchant Banks**

**Objectives:** Students should be able to list and explain the functions of Merchant Banks.

#### **Description:**

First Hour: Functions of Merchant Banks

Second Hour: Functions of Merchant Banks (*cntd*)

➤ **Study Question:**

### **Week Three Study Question(s)**

List and explain five functions of Merchant Banking

➤ **Reading List**

- H.R. Machiraju ( ) Merchant Banking Principles and Practice.
- Valentine V. Craig ( ) Merchant Banking: Past and Present
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### **Week 4: Functions of Investment Banking**

**Objectives:** Student should be able to list and explain various functions of Investment Banks.

#### **Description:**

First Hour: Functions of Investment Banks

Second Hour: Functions of Investment Banks (*contd*)

➤ **Study Question:**

- **Week Four Study Question(s)**
- -List and explain five functions of investment banking
- **Reading List** H.R. Machiraju ( ) Merchant Banking Principles and Practice.

**Week5:** Laws and Regulatory framework for merchant / Investment banking operations and control.

**Objectives:** To expose students to the laws and regulatory framework this includes acts/ decrees, gazettes, guidelines etc that guide the establishment of Merchant and Investment banking business in Nigeria

➤ **Description**

First Hour: Introduction to relevant laws and regulatory frameworks. CBN Scope, Conditions & Minimum Standards for Merchant Banks Regulations NO. 2010.

Second Hour: CBN Scope, Conditions & Minimum Standards for Merchant Banks Regulations NO. 2010.

➤ **Study Question:**

➤ **Week Five Study Question(s)**

- -Define Merchant banking based on BOFIA

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➤ **Reading List**

- CBN 2010 Scope, Conditions & Minimum Standards for Merchant Banks Regulations.
- CBN 2000 Guidelines for the Practice of Universal Banking in Nigeria
- CBN 2010 Review of Universal Banking Model

**Week 6** Laws and Regulatory framework for merchant banking operations and control cntd.

**Objectives:** To expose students to the laws and regulatory framework this includes acts/ decrees, gazettes, guidelines etc that guide the establishment of Merchant and Investment banking business in Nigeria

First Hour: Central Bank of Nigeria Regulation on the Scope of Banking Activities& Ancillary Matters, NO. 3, 2010

Second Hour: Section 22 of BOFIA 2004- Restrictions on the Operations of Merchant Banks

**Study Question: Week Six Study Question(s)**

- What are the prohibited activities of Merchant Bank

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➤ **Reading List**

- CBN 2010 Scope, Conditions & Minimum Standards for Merchant Banks Regulations.
- CBN 2000 Guidelines for the Practice of Universal Banking in Nigeria
- CBN 2010 Review of Universal Banking Model

**Week 7** Laws and Regulatory framework for Investment banking operations and control.

**Objectives:** To expose students to the laws and regulatory framework this includes acts/ decrees, gazettes, guidelines etc that guide the establishment of Investment banking business in Nigeria.

➤ **Description:**

- First Hour: The Investment and Securities Act(ISA) 2007
- Second Hour: SABOX Act 2002
- **Study Question:**

**Week Seven Study Question(s)** According to the ISA 2007 what activities are permissible as investment business?

- **Reading List**
- SEC (2007) The Investment and Securities Act
- SABOX Act (2002)

#### **Week 8 Presentation**

**Objectives:** Students will be required to make presentations on a selected sub topic on the function of a merchant or investment bank.

- **Description:**
- First Hour: Presentations
- Second Hour: Presentations and Revision for mid semester test.
  
- **Reading List**
- Any Material related to the topic to be presented and material on presentation skills and slide preparation.

#### **Week 9 MID SEMESTER TEST**

**Week 10&11** Structural changes and performance of merchant banks in Nigeria;

**Objectives:** At the end of this class students will be expected to be able to give a historical view of Merchant Banking in Nigeria and the changes it has gone through thus far.

- **Description**

First Hour: History of Merchant Banks in Nigeria

Second Hour: Structural changes and performance of merchant banks in Nigeria before the adoption of Universal banking system

- **Study Question:**

Give a brief historical view on the development

- **Reading List**

- Ikpefan O.E. (2012) Issues in Banking and Finance. CIBN Press.

**Week Ten Study Question(s)**

-Give a historical view of Merchant Banking in Nigeria.

## **Week12&13** Loan syndication. International operations;

**Objectives** Student should be able to define loan syndication, know its types and parties to a syndicated loan at the end of this class.

### ➤ **Description**

First Hour: Definition of Loan Syndication, Types of Syndicated Loans

Second Hour: Parties to a syndicated loans, Legal documentation and Timing.

### ➤ **Study Question:**

#### ➤ **Week Twelve Study Question(s)**

- -Define loan syndication and list the parties to a syndicated loan.

### ➤ **Reading List**

Ikpefan O.E. (2012) Issues in Banking and Finance. CIBN Press.

## **Week13 & 14 :**

**Objectives:** At the end of this class students should be able to define Universal banking differentiating it from other forms of banking and also know how its adoption in Nigeria has affected the operations of Merchant banking as a unique form of banking.

### **Description**

First Hour: Definition of Universal banking.

Second Hour: Structure of Universal Banks

Third Hour: Universal Banking Regulation in Nigeria

Fourth Hour: The recapitalization of Universal Banks in Nigeria

Fifth Hour: The 2008 crises and its effect on Universal banking

Sixth Hour: The repeal of the Universal Banking Act

### ➤ **Study Question:**

**Week Thirteen Study Question(s)** Define Universal banking and explain how its adoption in ---  
-Nigeria affected the structure of Merchant Banks.

### ➤ **Reading List**

Ikpefan O.E. (2012) Issues in Banking and Finance. CIBN Press.

CBN 2010 Review of Universal Banking Model

**CBN (2000) Guidelines for the Practice of Universal Banking in Nigeria**  
**Week 15:Revision.**

**Week 16**

**Topic:** Examination

**Objectives:**

To examine the students on all that has been taught during the semester.

**Reading List:**

1. Merchant Banking Principles and Practice. H.R. Machiraju
2. Warren, Law, "Investment Banking", in Altman, Edward I, Editor, *Handbook of Financial Markets and Institutions*, Sixth Edn., Wiley, New York, 1987.
3. Ayofe M. Adebisi The Role of Merchant Banks in Nigeria's Economic Development.
4. Valentine V. Craig ( ) Merchant Banking: Past and Present
5. CBN 2010 Scope, Conditions & Minimum Standards for Merchant Banks Regulations.
6. CBN 2000 Guidelines for the Practice of Universal Banking in Nigeria
7. CBN 2010 Review of Universal Banking Model
8. SEC (2007)The Investment and Securities Act
9. SABOX Act (2002)
10. Ikpefan O.E. (2012) Issues in Banking and Finance. CIBN Press.
- 11. CBN (2000) Guidelines for the Practice of Universal Banking in Nigeria**

HOD'sCOMMENTS: \_\_\_\_\_

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Name: \_\_\_\_\_ Signature \_\_\_\_\_ Date: \_\_\_\_\_