**Chartered Associate of Indian Institute of Banking (CAIIB)**

**SYLLABUS**

**OBJECTIVE**

**CAIIB** aims at providing advanced knowledge necessary for better decision making covering

Risk, financial and general bank management.

**SUBJECT OF EXAMINATION**

1. Advanced Bank Management

2. Bank Financial Management

3. Retail Banking

**SYLLABUS**

**Paper - I : ADVANCED BANK MANAGEMENT**

**MODULE - A : Economic Analysis**

The fundamentals of Economics: Scarcity and Efficiency - Microeconomics & Macroeconomics

in brief - Types of economies - Market, Command and Mixed Economies - Macroeconomics :

Business cycles - Money and banking - Unemployment & inflation - Interest rate determination

and various types of interest rates.

Indian Economy (a) Overview of the Indian economy including recent reforms (b Interaction

between fiscal, monetary & exchange rate policies in India - Financial Markets (i) Money Market

(ii) Capital Market (iii) Foreign Exchange Market - globalisation and its impact - Challenges

ahead- Banking & Finance - current issues

**MODULE - B : Business Mathematics**

Concept of time Value of Money - Net Present Value - Discounted Cash Flow - Sampling methods

- presentation of data - analysis and interpretation of sample data - hypothesis testing - Time

series analysis - mean / standard deviation - co-relation - Regression - covariance and volatility -

Probability distribution - Confidence interval analysis - estimating parameters of distribution -

Bond valuation - duration - modified duration.

Linear programming - decision making-simulation - Statistical analysis using spreadsheets.

Features of Spread sheet - Macros, pivot table, statistical and mathematical formulae.

**MODULE - C : HRM in banks**

Fundamentals of HRM, development of HRM in India, Relationship between HRM and HRD,

Structure and functions of HRD, Role of HR professional, Human implications of organizations;

training and development, attitude and soft skills development, role and impact of training, career

path planning and counseling, employee behaviour, theories of motivation and their practical

implications, role concepts and analysis, self development., Performance Management and

appraisal systems; Reward / punishment and compensation systems., HRM and Information

Technology, information and data management, knowledge management.

**MODULE - D : Credit Management**

Principles of Credit Management Credit Appraisal Analyzing Financial Performance -

Relationship between items in Balance Sheet and Profit and Loss Account. Trend Analysis,

Comparative Statement - Common size Statement, Preparation of projected Financial

Statements. - Ratio analysis - Interpretation and analysis of different Ratios, Limitation of the use

of ratios. Statement of Sources and Applications of Funds.

Structuring a Credit Proposal - Working Capital Concept and Management Appraisal techniques

for different constituents - trade cycle - credit rating - Technical and economic feasibility studies -

Credit Rating - Rating Methodology - Objectives and benefits of rating - Term Lending - Debt

Service Coverage Ratio - Cash Flow Analysis - Cash Budget - Bill Finance - Deferred Payment

Guarantee - Credit Scoring - Credit Delivery System - Documentation - Post sanction

supervision, Control and monitoring of credit - Consortium finance, Multiple banking, Syndication

of loans. Infrastructure financing.

Dealing with credit defaults, Stressed assets, Corporate Debt restructuring, SARFAESI, NPAs,

recovery options, write-off. Disclosure of the list of defaulters : objectives and procedure.

Appraisal methodology for different type of clients / products.

**Paper - II : BANK FINANCIAL MANAGEMENT**

**MODULE - A : International Banking**

Forex Business; factors determining exchange rates, Direct and indirect quotations, spot /

forward rates, premium and discount, cross rates.

Basics of forex derivatives; forward exchange rate contracts, Options, Swaps. Correspondent

banking, NRI accounts

Documentary letters of Credit - UCPDC 600, various facilities to exporters and importers. Risks

in foreign trade, role of ECGC, types of insurance and guarantee covers or ECGC. Role of Exim

Bank - Role of RBI and exchange control - Regulations in India, Role and rules of FEDAI - Role of

FEMA and its rules

**MODULE - B : Risk Management**

Risk-Concept - Risk in Banks - Risk Management Framework - Organisational Structure - Risk

Identification - Risk Measurement / - Sensitivity - Basis Point Value (BPV) - Duration -Downside

Potential - Value at Risk, Back Testing - Stress Testing - Risk Monitoring and Control - Risk

Reporting -

Market Risk identification, Measurement and management / credit risk - rating methodology,

risk weights, eligible collateral for mitigation, guarantees; credit ratings, transition matrices,

default probabilities, Credit risk spreads, risk migration and credit metrics , Counterparty risk.

Credit exposures, recovery rates, risk mitigation techniques, - / Operational and integrated Risk

Management - Risk management and capital Management - Basel-II - Current guidelines on risk

management

**MODULE - C : Treasury Management**

Concepts and function; instruments in the treasury market, development of new financial

products, control and supervision of treasury management, linkage of domestic operations with

foreign operations.

Interest rate risk, interest rate futures

Mix / Pricing of Assets, Liabilities - On-Balance Sheet Investment and Funding Strategies - Stock

options, debt instruments, bond portfolio strategy, risk control and hedging instruments.

Investments - Treasury bills, money market instruments such as CDs, CPs, IBPs

Securitisation and Forfaiting; refinance and rediscounting facilities.

Derivatives - Credit Default Swaps / Options

**MODULE - D : Balance Sheet Management**

Prudential norms-Capital Adequacy. Implementation of Basel-II guidelines : RBI guidelines.

Banks Balance Sheet - Components of assets / Liabilities / ALM Implementation - RBI Guidelines

- Gap Analysis - Mechanics, Assumptions, and Limitations - Illustrations of Actual Gap Reports -

The Relationship Between Gap and Income Statement - Funding Liquidity - Trading / Managing

Liquidity - Contingency Funding - Business Strategies : Profit and profitability analysis, Asset

Classification - provisioning - effect of NPA on profitability, Shareholder value maximization &

EVA - profit planning-measures to improve profitability. Disclosure guidelines.

**PAPER – III: RETAIL BANKING**

**MODULE - A : Introduction**

History and definition, role within the bank operations, Applicability of retailing concepts

distinction between Retail and Corporate / Wholesale Banking

**MODULE - B : Retail Products**

Retail Products Overview - Customer requirements, Products development process,

Liabilities and Assets Products / Description of Liability products, Description of Asset

Products, Approval process for retail loans, Credit scoring.

Important Asset Products :

Home Loans - Eligibility, Purpose, Amounts, Margin, Security, Disbursement, Moratorium,

Prepayment issues, Repayments / Collection.

Auto / Vehicle Loans - Eligibility, Purpose, Amounts, Margin, Security, Disbursement,

Moratorium, Prepayment issues, Repayments / Collection.

Personal Loans Eligibility, Purpose, Amounts, Security, Disbursement, Moratorium,

Prepayment issues, Repayments / Collection.

Educational Loans Eligibility, Purpose, Amounts, Security, Disbursement, Moratorium,

Prepayment issues, Repayments.

Credit / Debit Cards - Credit Vs Debit Cards, Eligibility, Purpose, Amounts, Margin, Security,

Process of using the cards, Billing Cycle, Credit Points.

Other Products / Remittances / Funds Transfer

**MODULE - C : Marketing / Selling of retail products, MIS and Accounting**

Retail Strategies; Tie-up with Institutions for Personal loans / Credit cards / Educational loans,

with OEMs / Authorised Dealers for Auto / Vehicle loans, and with Builders / Developers for

Home loans

Delivery Channels - Branch, Extension counters, ATMs, POS, Internet Banking, M-Banking.

Selling Process in retail products-Direct Selling Agents.

Customer Relationship Management - Role and impact of customer relationship

management, Stages in customer relationship management process.

Regulations and compliance

Technology for Retail Banking - Static information, Account opening, basic loan

origination data etc. Updated information like income details at different frequencies.

Transaction information from disbursement till final settlement of the loan amount.

Analytics / Alerts.

Accounting entries - Loan process and the relevant accounting including EMI Computation.

**MODULE - D : Other issues related to Retail Banking**

Securitisation, mortgage based securities.

Trends in retailing - New products like Insurance, Demat services, online / Phone Banking,

Property services, Investment advisory / Wealth management, Reverse Mortgage - Growth of

e-banking, Cross selling opportunities.

Recovery of Retail Loans - Defaults, Rescheduling, recovery process. SARAFAESI Act, DRT

Act, use of Lok Adalat forum. Recovery Agents - RBI guidelines.