**Junior Associate of Indian Institute of Banker (JAIIB)**

**SYLLABUS**

**OBJECTIVE**

JAIIB aims at providing required level of basic knowledge in banking and financial services, banking technology, customer relations, basic accountancy and legal aspects necessary for carrying out day to day banking operations.

**SUBJECTS OF EXAMINATION**

(1) Principles & Practices of Banking

(2) Accounting & Finance for Bankers

(3) Legal & Regulatory Aspects of Bankin

**PAPER 1 - PRINCIPLES & PRACTICES OF BANKING**

**Objective :**

The candidates would be able to acquire knowledge in the following :

- Various functions associated with banking.

- Practice and procedures relating to deposit and credit, documentation, monitoring and control.

- An insight into marketing of banking services and banking technology.

**Module A - Indian Financial System**

1. Recent developments in the Indian Financial System; market structure and Financial Innovation. RBI, SEBI, IRDA etc. their major functions,
2. Role and Functions of Banks - Regulatory provisions / enactments governing Banks,
3. Retail Banking : Approach, Products, Marketing etc.,
4. Wholesale Banking; International Banking;
5. Role and Functions of Capital Markets,
6. Role and Functions of Mutual Funds,
7. Role and Functions of Insurance Companies - Bancassurance,
8. Importance of Risk Management in Bankstypes of Risk-Impact and Management Factoring & Forfeiting,
9. Alliances / mergers / consolidation
10. ADR / GDR / Off Balance Sheet Items,
11. Participatory Notes,
12. Credit Information Bureau Ltd.,
13. Fair Practices for Debt Collection
14. Basel-II
15. Banking Codes and Standard Boards

**Module B - Functions of Banks**

**Deposits :**

1.Banker-Customer relations - Know your Customer(KYC) guidelines-Different Deposit Products - services rendered by Banks - Mandate and Power of Attorney;

Banker’s lien - right of set off - garnishee order - Income tax attachment order etc.

Payment and collection of Cheque - duties and responsibilities of paying and collecting banker-protection available to paying and collecting banker under NI Act - endorsements - forged instruments - bouncing of cheques and their implications

Opening of accounts for various types of customers - minors - joint account holders - HUF - firms - companies - trusts - societies - Govt. and public bodies Importance of AML

**Credit :**

Principles of lending - various credit Products / Facilities - working capital and term loans - Credit Appraisal Techniques - Approach to lending; - credit management - credit monitoring NPA Management

Different types of documents; Documentation Procedures; Stamping of documents Securities - Different modes of charging - types of collaterals and their characteristics Priority Sector Lending - sectors - targets - issues / problems - recent developments - Financial Inclusion

**Agriculture / SMEs / SHGs / SSI / Tiny Sector Financing**

New Products & Services -Factoring, Securitisation, Bancassurance, Mutual Funds etc. Credit Cards / Home Loans / Personal Loans / Consumer Loans - Brief outline of procedures and practices

Ancillary Services : Remittances, Safe Deposit lockers etc.

**Module C : Banking Technology**

Electronic Banking - Core Banking - Electronic Products

Banking Technology - Distribution Channels - Teller Machines at the Bank Counters - Cash Dispensers - ATMs - Anywhere Anytime Banking - Home Banking (Corporate and Personal) Electronic Payment Systems

On line Banking - Online enquiry and update facilities - Personal identification numbers and their use in conjunction with magnetic cards of both credit and debit cards, smart cards, signature storage and display by electronic means, cheque truncation, microfiche, note and coin counting devices.

Electronic funds transfer systems - plain messages (Telex or data communication) - structured messages (SWIFT, etc...) - RTGS

Information Technology - Current Trends - Banknet, RBI net, Datanet, Nicnet, I-net, Internet, E-mail, etc.- Role and uses of technology up gradation - Global developments in Banking Technology - Information Technology in finance and service delivery Impact of Technology on Banks - Protecting the confidentiality and secrecy of data - effect on customers and service quality - Computer Audit -Information System Audit.

Information System Security and Disaster Management.

**Module D - Support Services - Marketing of Banking Services Products**

Marketing Management - Meaning, Importance and Functions - Marketing of Services - Product Research & Development - Test Marketing of Bank Products - Product Life Cycle - Product Modification - New Product Development - Packaging and Branding of Bank Products - Diversification - Pricing of Bank Products and Services - Objectives, Strategies and Methods - Factors Influencing the Pricing Decisions, Importance of Pricing. Distribution - Factors Influencing - Direct and Indirect Channels of Bank Products - Physical Distribution - Channel Functions and Services - Promotion - Promotion Mix and Role of Promotion in Marketing - Marketing Information Systems.

Role of DSA / DMA in Bank Marketing , Channel Management

Selling Function in a Bank Portfolio and Wealth Management , Tele Marketing / Mobile Phone Banking

**PAPER 2 : ACCOUNTING & FINANCE FOR BANKERS**

**Objective:**

The candidate would be able to acquire the knowledge of the basics of financial mathematics and basics of accountancy and develop an understanding of the basic financial concepts.

**Module A - Basics of Business Mathematics**

Calculation of Simple Interest and Compound Interest -Fixed and Floating Interest Rates - Calculation of EMIs - Calculation of front end and back end interest -Calculation of Annuities - Calculation of provisions for NPA and risk weights for Basel II - Interest calculation using products / balances

Bonds - Calculation of YTM - Duration - Bond Pricing - Premium and Discount - Bond valuation rules preliminary method, definition of debt, rules on compounding in respect of loan accounts, penal interest etc.

Capital Budgeting - Discounted cash flow - net present value - pay back methods

Depreciation - different types - methods of calculation

Foreign Exchange Arithmetic for beginners

**Module B - Accounting in Banks / Branches**

Definition & Scope and Accounting Standards-Nature and purpose of accounting; historical perspectives-Origins of accounting principles-accounting standards and its definition and Scope. Generally Accepted Accounting Principles - USA

Transfer Price Mechanism Basic Accountancy Procedures - Concepts of accountancy - entity going concern - double entry systems, Principles of conservatism - revenue recognition and realization - accrual and cash basis.

Record keeping basics - Account Categories - Debit and Credit Concepts - Journalizing - Maintenance of Cash / Subsidiary Books and Ledger -Trial Balance - Adjusting and Closing Entries - Day Book and General Ledger Posting.

**Module C - Bank Accounting and Balance Sheet**

Rules for bank accounts, cash / clearing / transfer vouchers / system - subsidiary book and main day book - General Ledger - Branch v/s Bank Accounts

Bank Balance Sheet Structure - accounts - categories - Assets, Liabilities and NetWorth Components.

Accounting for NPA / Provisioning / Suit Filed Accounts.

Preparation of Final Accounts - Final Accounts of Banking Companies.

Disclosure requirements.

**Module D - Other Accounts**

Partnership accounts - partner’s fixed capital accounts - Current accounts - loan accounts - treatment of intangibles like goodwill - admission / retirement / death of partner.

Company accounts - classes of Share Capital - issue/ forfeiture of Shares - issue of Bonus Shares. Bank Reconciliation Statement - Capital & Revenue Expenditure /Depreciation /Inventory Valuation / Bill of Exchange / Consignment Account / Joint Venture - Special Accounts - Leasing and Hire - Purchase Company accounts - Accounts of Non - Trading Concerns - Accounting from incomplete records - Receipts and Payments Account - Income and Expenditure Account, Ratio Analysis.

**Module E - Computerized Accounting**

Accounting in electronic environment - methods - procedures - security - rectification. Core banking environment is to be highlighted. Standard books maintained for different accounts are to be shown as model.

**PAPER 3: LEGAL & REGULATORY ASPECTS OF BANKING**

**Objectives:**

The candidates would be able to acquire knowledge in l the legal & regulatory framework of the banking system l and the various laws and enactments affecting day to day Banking operations

**Module A - Regulations and Compliance:**

The questions in this section will be with reference to legal issues and problems

A. Provisions of RBI Act 1935, Banking Regulation Act 1949 Banking Companies (Acquisition and transfer of undertakings Act 1970 & 1980)

B. Government and RBI’s powers

- Opening of new banks and branch licensing

- Constitution of board of directors and their rights

- Banks share holders and their rights

- CRR / SLR concepts

- Cash / currency management

- Winding up - amalgamation and mergers

- Powers to control advances - selective credit control - monetary and credit policy

- Audit and Inspection

- Supervision and control - board for financial supervision - its scope and role

- Disclosure of accounts and balance sheets

- Submission of returns to RBI etc.

- Corporate Governance

**Module B - Legal Aspects of Banking Operations**

Case laws on responsibility of paying /collecting banker

Indemnities / guarantees - scope and application - obligations of a banker - pre cautions and rights-laws relating to bill finance, LC and Deferred Payments - Laws relating to securities - valuation of securities - modes of charging securities - lien, pledge, mortgage, hypothecation etc - registration of firms/companies - creation of charge and satisfaction of charge.

**Module C - Banking Related Laws**

Law of limitation

Provisions of Bankers Book Evidence Act

Special features of Recovery of Debts Due to Banks and Financial Institutions Act, 1993

1. Tax Deducted at Source(TDS), (b) Banking Cash Transaction Tax, (c) Service Tax, (d) Asset Reconstruction Companies

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

1. The Consumer Protection Act, 1986, (b) Banking Ombudsman, (c) Lok Adalats (d) Lender’s Liability Act

**Module D - Commercial Laws with reference to Banking Operations**

Indian Contract Act, 1872 (Indemnity, Guarantee, Bailment, Pledge and Agency etc)

The Sale of Goods Act, 1930 (Sale and Agreement to Sell, Definitions, Conditions and Warranties, Express and Implied, Right of unpaid Seller etc)

The Companies Act, 1956 Definition, Features of Company, Types of Companies, Memorandum, Articles of Association, Doctrines of Ultravires, indoor Management and Constructive Notice, Membership of Company - Acquisition - Cessation, Rights and Duties of members and register of members, Prospects and Directors.

Indian Partnership Act, 1932 Definition and types of partnership, relation of partners to one another - Relation of partners to third parties, Minor admitted to the benefits of Partnership, Dissolution of firm, Effect of non - registration - The Transfer of Property Act (i) Foreign Exchange Management Act 2000, (ii) Prevention of Money Laundering Act (iii) Right to Information Act, (iv) Information Technology Act.