



Certificate Examination in Risk in Financial Services

Rules & Syllabus 2017

Introduction :

The Certificate examination in Risk in Financial Services is offered in collaboration with Chartered Institute for Securities & Investment (CISI), London.

Objective :

The objective of the course is to enable bankers to gain expertise in the area of Risk Management in Financial Services.

Structure :

The examination has two parts - one covering Indian scenario and the other dealing with the international scenario. Both the parts of examination will be conducted separately and the successful candidates will be awarded a certificate as given below :

| | | | | |
|---|---|--|---|---|
| Paper - 1 (Level - I) IIBF | | Paper - 2 (Level - II) CISI | | IIBF and CISI |
| Risk Management (Indian perspective) Two hour examination with 40 to 60 hours of study | + | Risk in Financial Services Two hour examination for 100 study hours | = | Certificate in Risk in Financial Services Awarded jointly |

Examinations :

Level - I examination will be held in online mode at 21 centres at half yearly intervals on the pre-announced dates. Level - II examinations will be held in online mode only at 8 centres throughout the year (excluding Saturdays / Sundays). Candidates will have to make it convenient to appear the Level - II examination at any one of the 8 centres.

Candidates are requested to read carefully the Procedure for Applying, Rules & Syllabus for the examination for Level - I (given in pages 1 - 5) and for Level - II (given in pages 6 - 8).

Target group :

Employees of banks and financial institutions, who are members of the Institute

Eligibility :

The examination is open to Members of IIBF who are employees of banks and financial institutions.

Exemption from Level-I Examination :

Members of IIBF who have passed 1) DTIRM examination or 2) CAIIB with elective subject 'Risk Management' or 3) CAIIB holders who have passed Certificate in Risk Management as separate Elective are eligible to take Level-II examination directly without passing Level-I examination. However they are required to register for the Level-I examination by paying the required fees of ₹2500 plus applicable taxes to be eligible to apply for exemption.

Candidates who are eligible for exemption as per the above criteria are required to 1) Apply for the examination by paying the fee of ₹2500 plus applicable taxes and

2) Send immediately a separate written request for granting exemption along with a) Copy of the acknowledgement received while applying for examination and b) copy of the Result Advice / Final certificate of the above examination/s passed to Examination Department, Central Office of the Institute so as to reach the same before the last date for applying for examination. Requests received for exemption after the last date for applying for the examination will not be considered for granting exemption.

Offices after the last date for applying for the examination will not be considered for granting exemption.

Subject of Examination (Level - I) :

Risk Management

PASSING CRITERIA:

Minimum marks for pass in the subject is 50 out of 100.

Registration Fees for Examination :

| | For Members of IIBF |
|--------------------|----------------------------|
| First attempt | ₹2,500/- * |
| Subsequent attempt | ₹2,500/- * |

* Plus Service Tax as applicable (Reg. No. AAATT3309DSD002)

Medium of Examination :

Examination will be conducted in English only

Pattern of Examination :

- (i) Question Paper will contain approximately 100 objective type multiple choice questions for a total of 100 marks including questions based on case studies / case-lets. The Institute may however verified number of questions to be asked for a subject.
- (ii) The examination will be held in Online Mode only
- (iii) There will NOT be negative marking for wrong answers.

DURATION OF EXAMINATION:

The duration of the examination will be of 2 hours.

PERIODICITY AND EXAMINATION CENTRES:

- a) Examination will be conducted on pre-announced dates published on IIBF Web Site. Institute conducts examination on half yearly basis, however periodicity of the examination may be changed depending upon the requirement of banking industry.
- b) List of Examination centers will be available on the website. (Institute will conduct examination in those centers where there are 20 or more candidates.)

PROCEDURE FOR APPLYING FOR EXAMINATION

Application for examination should be registered online from the Institute's website www.iibf.org.in. The schedule of examination and dates for registration will be published on IIBF website.

STUDY MATERIAL / COURSEWARE

The Institute has developed a courseware to cover the syllabus. The courseware (book) for the subject/s will be available at outlets of publisher/s. Please visit IIBF website www.iibf.org.in under the menu "Exam Related" for details of book/s and address of publisher/s outlets. Candidates are advised to make full use of the courseware. However, as banking and finance fields are dynamic, rules and regulations witness rapid changes. Therefore, the courseware should not be considered as the only source of information while preparing for the examinations.

Candidates are advised to go through the updates put on the IIBF website from time to time and go through Master Circulars / Master Directions issued by RBI and publications of IIBF like IIBF Vision, Bank Quest, etc. All these sources are important from the examination point of view. Candidates are also to visit the websites of organizations like RBI, SEBI, BIS, IRDAI, FEDAI etc. besides going through other books & publications covering the subject / exam concerned etc. Questions based on current developments relating to the subject / exam may also be asked.

Cut-off Date of Guidelines / Important Developments for Examinations

The Institute has a practice of asking questions in each exam about the recent developments / guidelines issued by the regulator(s) in order to test if the candidates keep themselves abreast of the current developments. However, there could be changes in the developments / guidelines from the date the question papers are prepared and the dates of the actual examinations.

In order to address these issues effectively, it has been decided that:

- (i) In respect of the examinations to be conducted by the Institute for the period February to July of a calendar year, instructions / guidelines issued by the regulator(s) and important developments in banking and finance up to 31st December will only be considered for the purpose of inclusion in the question papers".
- (ii) In respect of the examinations to be conducted by the Institute for the period August to January of a calendar year, instructions / guidelines issued by the regulator(s) and important developments in banking and finance up to 30th June will only be considered for the purpose of inclusion in the question papers.

The table given below further clarifies the situation.

| Particulars | Cut-off Date of Guidelines / Important Developments for Examination/s |
|--|--|
| For the examinations to be conducted by the Institute for the period February 2017 to July 2017 | 31st December 2016 |
| For the examinations to be conducted by the Institute for the period August 2017 to January 2018 | 30th June 2017 |

TUTORIAL / CONTACT PROGRAMMES

Tutorial / Contact programmes may be organized by the Institute at various centres. For details in this regard candidates may visit Institute's website www.iibf.org.in.

SYLLABUS

The details of the prescribed syllabus which is indicative are furnished in the booklet. However, keeping in view the professional nature of examinations, all matters falling within the realm of the subject concerned will have to be studied by the candidate as questions can be asked on all relevant matters under the subject. Candidates appearing for the examination should particularly prepare themselves for answering questions that may be asked on the latest developments taking place under the various subject/s of the said examination although those topics may not have been specifically included in the syllabus. The Institute also reserves to itself the right to vary the syllabus / rules / fee structure from time to time. Any alterations made will be notified from time to time. Further, questions based on current developments in banking and finance may be asked.

Candidates are advised to refer to financial news papers / periodicals more particularly "IIBF VISION" and "BANK QUEST" published by the Institute.

Paper - 1 : Risk Management

Module - A : An overview

- a) Risk - definition, policies
 - Risk Process-Risk Organization
 - Key risks-Credit risk, market risk, operational risk, liquidity risk, legal risk, interest rate risk and currency risk
- b) Asset Liability Management
 - ALM Concept
 - ALM Organization
 - ALCO techniques / tools
 - Simulation, Gap, Duration analysis, Linear and other statistical methods of control
- c) Risk Measurement & Control
 - Calculation
 - Risk exposure analysis
 - Risk management / mitigation policy
 - Risk immunization policy / strategy for fixing exposure limits
 - Risk management policy and procedure
 - Risk adjusted return on capital
- d) Risk management
 - Capital adequacy norms
 - Prudential norms
 - Exposure norms
 - Concept of Mid office
 - Forwards
 - Futures
 - Options
 - Strategies and Arbitrage opportunities
 - Regulatory prescriptions of risk management

Module - B : Credit Risk Management

- Introduction
- BASEL Norms
- Three pillars of BASEL Norms and Capital for Operational risk
- Frame work for risk management
- RBI guidelines on risk management
- Risk rating and risk pricing
- Methods for estimating capital requirements
- Credit risk - standardized approach
- Credit risk - advanced approach
- Credit rating / credit scoring and rating system design
- Credit Bureaus
- Stress test and sensitivity analysis
- Internal Capital Adequacy Assessment Process (ICAAP)
- Introduction to structured products

Module - C : Operational Risk

- Introduction, BASEL Norms
- RBI guidelines
- Likely forms of operational risk and causes for significant increase in operational risk

- Sound Principles of Operational Risk Management (SPOR)
- SPOR - organizational set up and key responsibilities of ORM
- SPOR - policy requirements and strategic approach for ORM
- SPOR identification, measurement, control / mitigation of operational risks
- Capital allocation for operational risk, methodology, qualifying criteria for banks for the adoption of the methods
- Computation of capital charge for operational risk

Module - D : Market Risk

- Introduction and definition
- Prescriptions of BASEL Norms
- Liquidity risk
- Interest rate risk
- Foreign exchange risk
- Price risk (Equity)
- Commodity risk
- Treatment of market risk under Basel
 - a) Standardized duration method
 - b) Internal measurement approach - VaR

Basel-III guidelines

- Risk Management Policy -ALCO structure and functions.

Rules / Syllabus for Level - II Examination (CISI, London)

As regards Paper 2 (Level - II) Examination the rules / syllabus, courseware, venue and other details will be provided directly by CISI, London to all the enrolled candidates for the Paper 2 examination, after passing the Level - I as stipulated earlier. The general information regarding rules / syllabus as provided by CISI is reproduced here which is subject to changes as per their rules / syllabus of CISI.

Subject of Examination (Level - II) :

Paper - 2 : Risk in Financial Services

Registration / Examination Fees :

| | |
|---|---|
| (For Members of IIBF under the collaboration arrangement) | |
| 1 st attempt | £100 (Including Registration fee) |
| 2 nd attempt | £50 (During the continuation of the syllabus) |
| Subsequent attempt/s as per the rules of CISI. | |

Candidates who have registered for Level - II CISI examination and wish to reschedule the examination are allowed 1 free reschedule, provided they inform CISI, 14 days prior to the exam date. Any further rescheduling will be charged as per CISI rules.

Pattern of Question Paper for Level - II :

Paper-2 Question Paper will contain 100 multiple-choice objective type questions for 100 marks.

Mode and Centres for Examination :

Examination will be conducted in online mode only at Prometric test centres currently in 8 cities viz., Mumbai, Chennai, Bangalore, Kolkatta, Hyderabad, Gurgaon, Ahmedabad and Thiruvananthapuram.

Duration of Examination :

Paper 2 - Examination will be of 2 hour duration.

Periodicity of Examination:

The Examination is conducted throughout the year except Saturday and Sunday.

Passing criteria :

Passing marks for paper- 2 subject is 70%

Delivery :

The program is delivered through soft copy of study material in PDF format.

Syllabus for examination – Level - II Paper - 2 : Risk in Financial Services

1. Principles of Risk Management
2. International Risk Regulation
3. Operational Risk
4. Credit Risk
5. Market Risk
6. Investment Risk
7. Liquidity Risk
8. Corporate Governance and Risk Oversight
9. Model Risk
10. Enterprise Risk Management (ERM) -

(Supported by specially designed courseware which is supplied by e-copy to all enrolled candidates as part of the fee by CISI directly)

PROCEDURE FOR APPLYING FOR EXAMINATION (Level - II) :

IIBF will provide a list of candidates, who have passed the Level - I examination / granted exemption based on prior qualification and eligible to apply for Level - II examination to CISI periodically. CISI will inform those candidates directly the procedure / guidance for the registration for Level - II examination. Candidates can also contact CISI for guidance on the contact no. and e-mail provided on the trailing pages under course structure and delivery, if needed.

This procedure has to be followed to avail of the special examination fee applicable to IIBF Members under the collaboration arrangements.

Course Structure and Delivery :

Certificate in Risk in Financial Services examination is having 2 parts viz. Level-I examination by IIBF and Level-II Examination by CISI, London. The steps in completing the course are as under :

1. Apply for Level-I examination to IIBF :
Institute will accept application up to a certain period before the dates of announced exams.
 - Members of IIBF who have completed the DTIRM examination or those who have passed CAIIB with elective subject 'Risk Management' or CAIIB holders who have passed Certificate in Risk Management as separate Elective are eligible to take the CISI examination (Level - II) directly without passing Level - I Examination. However they are required to register for the Level - I examination by paying the required fees of ₹2500 plus applicable taxes to IIBF to be eligible for the Level - II examination.
 - Candidates who are eligible for exemption as per the above criteria are required to send a separate request for granting exemption along with a copy of the Result Advice / Final certificate of the above examination/s passed to Examination department, Central Office of the Institute immediately after applying for the examination so as to reach before the last date for applying for examination for which candidate has applied.

2. Examination(Level - I):

Candidates will have to appear for the online examination conducted by IIBF (Multiple Choice Objective Type Questions) and pass the examination, in case not eligible for exemption.

3. Apply for Level - II examination of CISI :

- Candidates who have passed the Level - I examination or Granted exemption for the same by IIBF can only apply for Level - II examination (southasia.office@cisi.org)

For further information / Registration (CISI)

The CISI Indian Liaison Office

southasia.office@cisi.org Tel. : 022 - 4221 9400

804 - Meadows, Sahar Plaza, Near JB Nagar Metro station, Andheri - Kurla Road, Andheri (East), Mumbai - 400 059, India.

Award of Certificate :

On passing of both Level - I and Level - II examination, candidates will be awarded certificate having passed "Certificate Examination in Risk in Financial Services" jointly by IIBF and CISI. No separate certificate will be issued on passing Paper-I alone.

About CISI, London

The Chartered Institute for Securities & Investment (CISI) is the largest and most widely respected professional body for those who work in the securities and investment industry in UK and in a growing number of financial centers globally. Evolved from the London Stock Exchange they now have more than 40,000 members in 89 countries. In the past year, they have offered examination to 39,000 candidates in 68 countries, covering a range of vocational qualifications.

Web Site : www.cisi.org

IMPORTANT RULES / INFORMATION FOR CANDIDATES

1. ADMIT LETTER OF EXAMINATIONS :

- Admit letter to all eligible candidates will be emailed to the candidates in their email id registered with the Institute, 10 days before the examination date.
- Admit letter of all eligible candidates will be hosted on Institute's website www.iibf.org.in under the menu 'Exam Related', 1 week before the examination date.
- For downloading and printing of admit letter from the above mentioned website, candidates will have to enter the following:
 - Membership or registration number as **login id**
 - Edit profile password.**
 - If candidates do not remember their Edit profile password, they have to click on the 'Forgot password / Get Password' button after entering the Membership or Registration number. On clicking fresh edit profile password will be sent to their registered email id.
- Candidates are required to **produce printed copy of admit letter** along with Membership identity card or any other valid photo ID card (Aadhaar card / Employer's card / PAN Card / Driving License / Election voter's card / Passport etc.) at the examination venue.
- In the absence of printed copy of Admit Letter and Photo Identity Card, candidates will be denied permission to write Examination.**

2. Mobile Phones

- a. Mobile phones and other electronic / smart gadgets (except calculator as permissible) are not allowed in the examination hall. It is clarified that mere possession of mobile phone and other electronic / smart gadgets in the examination hall whether in switch off mode or silent mode shall also be deemed to be resorting to adoption of unfair means in the examination.

3. Use of calculator

- a. Candidates will be allowed to use battery operated portable calculator in the examination. The calculator can be of any type up to 6 functions, 12 digits.
- b. Attempt to use any other type of calculator not complying with the specifications indicated above or having more features than mentioned above shall tantamount to use of unfair means. Scientific calculator is not allowed.

4. Other Rules / Information

- a. Candidates should ensure that they sign the Attendance Sheet.
- b. Candidates are advised to reach the Examination Venue at least 30 minutes before commencement of the examination.
- c. No candidate will be permitted to enter the Examination Venue / hall after expiry of 15 minutes and to leave the hall in the first 30 minutes from the scheduled commencement of the examination.
- d. Candidates would be able to login to the system only with the password mentioned in this Admit Letter. This password should not be disclosed to others. Keep it safe to avoid the possible misuse.
- e. If the examination could not commence on scheduled time or there is delay due to Failure of power, Technical snag of whatsoever nature or for any such reason having bearing upon the conduct of examination; candidates have to :-
 - i. Wait till resumption of power supply / solving of technical snag.
 - ii. Take-up the examination at other venue arranged by the examination conducting authority.
 - iii. Follow instructions given by the examination conducting authority.
- f. Candidates are required to strictly follow all the instructions given by the examination conducting authority during the examination and adhere to Rules of the examination.
- g. Violation of any of the Rules / Instructions, misuse of the Admit Letter will be considered to be an act of serious misconduct and the Institute will take action as per the Rules of the examination, which will also be reported to the employer of the candidate.

5. Rules, Penalties for Misconduct / Unfair Practices :

- a. Communication of any sort between candidates or with outsiders is not permitted and complete silence should be maintained during the examination.
- b. Copying answers from other candidates / other printed / Electronic material or permitting others to copy or consultation of any kind will attract the rules relating to unfair practices in the examination.
- c. No candidate shall impersonate others or allow others to impersonate himself / herself at the examination.
- d. No candidate shall misbehave / argue with the Examination Conducting Authorities at the centre.

- e. Candidates have to compulsory return any papers given including that given for rough work to invigilator.
- f. Candidates should not possess and / or use books, notes, periodicals, etc. in the examination hall at the time of examination / or use mathematical tables, slide rules, stencils etc. during the examination.

If any candidate violates any of the above rules, it will be considered to be an act of misconduct and he/she will be liable for punishment.

PLEASE REFER INSTITUTE'S WEBSITE UNDER THE MENU "EXAM RELATED" FOR DETAILS OF DEBARMENT PERIOD FOR UNFAIR PRACTICES ADOPTED BY CANDIDATES DURING CONDUCT OF INSTITUTE'S EXAMINATIONS.

6. Result Advice / Consolidated Marksheet / Final Certificate

- a. Result Advice of candidates will be hosted on Institute's website on declaration of result, which can be downloaded by the candidates.
- b. Consolidated mark sheet for candidates completing examination having more than one subject, will be available on the Institute's website after the declaration of results. Candidates can download the same after entering login credentials using their membership number and edit profile password.
- c. Final certificates will be sent by speed post within 2 months after the declaration of result.

CONTACT DETAILS :

Register your queries through website www.iibf.org.in > Members / Candidates Support

Services (Help)

or

Email all your queries to care@iibf.org.in

Member Support Service Office :

Indian Institute of Banking & Finance

191-F, Maker Towers, 19th Floor,

Cuffe Parade, Mumbai - 400 005

Tel. : 022-2218 3302 / 2218 5134

For training / contact classes related queries contact :

Leadership Centre

Indian Institute of Banking & Finance

Kohinoor City, Commercial-II, Tower-I, 3rd Floor,

Kirol Road, Off L.B.S.Marg, Kurla West, Mumbai 400 070.

Tel. : 022 25039746 / 9604 / 9907

E-mail : training@iibf.org.in

PROFESSIONAL DEVELOPMENT CENTRES :

| South Zone | North Zone | East Zone |
|---|---|---|
| Indian Institute of Banking & Finance No. 94, Jawaharlal Nehru Road, (100 Feet Road), Opp. Hotel Ambica Empire, Vadapalani, Chennai – 600 026. Tel. : 044-2472 2990 / 2472 7961 E-mail : iibfsz@iibf.org.in | Indian Institute of Banking & Finance 102-113, Vikrant Towers, 1st Floor, 4 Rajendra Place, New Delhi – 110 008. Tel. : 011-2575 2191 / 92 E-mail : iibfnz@iibf.org.in | Indian Institute of Banking & Finance Hindusthan Building (Annexe), 7th Floor, 4, C. R. Avenue, Kolkatta – 700 072. Tel. : 033-2212 4992 E-mail : iibfez@iibf.org.in |

Corporate Office : Indian Institute of Banking & Finance, Kohinoor City, Commercial-II, Tower-1, 2nd Floor, Kirol Road, Kurla (West), Mumbai - 400 070

Tel. : 022-2503 9746 / 9604 / 9907