



## Certificate Examination in Risk in Financial Services

### Rules & Syllabus 2019

#### 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:

'Risk in Financial Services' is open to Members and Non-members. The examination has two parts-one covering Indian scenario and the other dealing with the international scenario. This certificate examination is offered in collaboration with Chartered Institute for Securities & Investment (CISI), London. First part of examination is conducted by IIBF and the second part is conducted by CISI. Candidates who complete both the parts are awarded a joint certificate.

Course has two levels:

##### Level - I:

- Two-hour examination with 40 to 60 hours of study, covering Indian scenario on Risk Management (Indian Perspective)
- On completion of the above examination, candidates have to undergo Training for 3 days at pre-announced centres.

##### Level - II:

Candidates who have passed the Level-I can apply for Level-II examination of CISI. i.e. Risk in Financial Services Two-hour examination for 100 study hours. Dealing with the International scenario.

Institute will issue a certificate after completing Level - I of the course, which would include the online examination and training. In addition to this, candidates who complete Level - II will be awarded a joint certificate by the Institute and CISI. Candidates who are interested in enrolling for CISI examination (Level-II examination) will be required to first register with IIBF by paying requisite onetime fees of Rs.1000/- plus applicable taxes. Details of such candidates will be forwarded by IIBF to CISI. Thereafter, such candidates shall complete all the required formalities of CISI.

#### EXAMINATIONS:

Level - I examination will be held in online mode at half yearly intervals on the pre-announced dates. List of examination centres will be available on the website. (Institute will conduct examination in those centres where there are 20 or more candidates)

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.

#### TARGET GROUP:

Employees of banks and financial institutions

#### ELIGIBILITY:

- Members and Non-Members of the Institute
- Candidates must have passed the 12<sup>th</sup> standard examination in any discipline or its equivalent.

#### 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 undertake Level-I training and thereafter take Level-II examination without passing Level-I examination. However, they are required to register for the Level-I examination by paying the requisite fees 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 requisite fee 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 Corporate 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.

## SUBJECT OF EXAMINATION (LEVEL - I):

Risk Management

### PASSING CRITERIA:

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

### EXAMINATION/ TRAINING FEES:

Sr. No.	Particulars	Examination Fee	Training Fee**	Total Examination + Training Fee
1.	Virtual training mode	Rs. 6,000/- plus GST	Nil	Rs. 6,000/- plus GST
2.	Physical classroom training mode at Mumbai, Delhi, Chennai and Kolkata centres	Rs. 6,000/- plus GST	Rs. 5,000/- plus GST	Rs. 11,000/- plus GST
3.	Physical classroom training mode at other centres	Rs. 6,000/- plus GST	Rs. 9,000/- plus GST	Rs. 15,000/- plus GST

**Please Note: Candidates are required to Register for every attempt separately.**

The fee once paid will **NOT** be refunded or adjusted on any account.

- **Training fees are to be paid after the candidate clears the online examination conducted by the Institute.**
- Candidates, who do not pass the online examination in their first attempt, need to enroll for the second attempt by paying a nominal fee of Rs.200.
- Candidates who do not pass the online examination in their second attempt, need to enroll again by paying a fee of Rs. 6,000/-.
- If a candidate fails in the virtual classroom training, he/she can enrol for the second attempt by paying a fee of Rs. 1,000/- plus GST.

### MEDIUM OF EXAMINATION:

Examination will be conducted in English only

### PATTERN OF EXAMINATION:

- 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 modify the number of questions to be asked for a subject.
- The examination will be held in Online Mode only
- 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:

- Examination will be conducted on pre-announced dates published on IIBF Website. 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](http://www.iibf.org.in). The schedule of examination and dates for registration will be published on IIBF website.

### Training:

Candidates who have successfully passed the online examination have to undergo training. For this purpose, the candidate, on passing the examination should log on to IIBF website - [www.iibf.org.in](http://www.iibf.org.in) and select his/her convenient slot for classroom/virtual classroom training (3 days) from the pre-determined dates and venue (in case of classroom training) at select centres announced by the Institute. During the classroom/virtual classroom training, candidates will be assessed (Internal assessment) for training performance for a total of 50 marks. Marks for training will be awarded to candidates by faculty for their training participation, analytical skills, case discussions, dealing ability, presentation skills etc.

### Evaluation Process:

SR. NO	PARTICULARS	WEIGHTAGE	TOTAL MARKS (MAXIMUM)	MINIMUM MARKS TO BE OBTAINED	REMARKS
1	Attendance	50%	50	25 (50%)	Total 10 total sessions (spread in 3 days). Attending minimum 5 sessions will be compulsory. This will correspond to 25 marks out of 50 (50%). On 1 <sup>st</sup> day and 2 <sup>nd</sup> day 4 sessions each and on 3 <sup>rd</sup> day 2 sessions. (4+4+2)
2	MCQs	50%	50	25 (50%)	Each session will have 5 MCQs. The MCQ Test will be at the end of the Course. There will thus be a total of 50 MCQs (1 mark each). Total 50 marks. A candidate has to obtain a minimum of 25 marks out of 50 (50%).
<b>Total</b>			<b>100</b>	<b>50 (50%)</b>	

The overall aggregate (attendance + marks in MCQs) to be obtained by a candidate will therefore be 50 (50%). However, if a candidate gets overall 50% with 30 marks in attendance (60%) and 40% (i.e. 20 marks) in MCQs, s/he will also be considered as passed. But, vice versa is not permitted. In other words, a candidate should get minimum 20 marks in the MCQs.

### TIME LIMIT FOR TRAINING:

Training is required to be completed within 15 months from the date of declaration of the online examination results of Level-I in which the candidate passes.

In case a candidate fails to complete the training either on account of not able to successfully complete the training or by not attending the training within the stipulated period of 15 months, the candidate would be required to RE-ENROLL himself for the Online examination foregoing credit for the subject/s passed in the Online examination earlier in case he wants to complete the course.

### 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](http://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 Developments for Examination/s	Cut-off Date of Guidelines/ Important Developments for Examination/s
For the examinations to be conducted by the Institute for the period February 2019 to July 2019	31st December 2018
For the examinations to be conducted by the Institute for the period August 2019 to January 2020	30th June 2019

## 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](http://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 newspapers/ 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
- b) 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
- c) 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**

Candidates who have passed the Level-I can apply for Level-II examination of CISI. i.e. Risk in Financial Services Two-hour examination for 100 study hours dealing with the International scenario. Candidates who are interested in enrolling for CISI examination (Level-II examination) will be required to first register with IIBF by paying requisite onetime fees Rs.1000/- plus applicable taxes. Details of such candidates will be forwarded by IIBF to CISI. Thereafter, such candidates shall complete all the required formalities of CISI.

### **Registration/ Examination Fees (April-2019 to Mar-2020)**

(For Members of IIBF under the collaboration arrangement)

1 <sup>st</sup> attempt	£110 (Including Registration fee)
2 <sup>nd</sup> attempt	£60 (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, Bengaluru, Kolkata, Hyderabad, Gurugram, 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.

For further information or registration, contact CISI

Chartered Institute for Securities & Investment

Third Floor, Chromium, Jogeshwari - Vikhroli Link Rd, Andheri East, Mumbai,

Maharashtra 400076.

Contact No: M: 9920185493

Email ID: Sharmila.ghoghe@cisi.org & southasia.office@cisi.org.

### 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. **website:** www.cisi.org

### IMPORTANT RULES/ INFORMATION FOR CANDIDATES

#### 1. ADMIT LETTER OF EXAMINATIONS:

- a. While registering for the examination/ course candidates will have provision to choose venue and examination time slot of his/her choice for each subject as per their preference on first-cum-first-serve basis.
- b. **Candidates are required to take utmost care and precaution in selecting Centre, Venue and Time slot, as there is no provision to change the Centre, Venue and Time slot in the system. Hence no request for change of centre, venue and time slot will be entertained for any reason.**
- c. After successful registration of examination, real time admit letter will be generated for the candidate/s. **Candidate/s will be able to save, download and print admit letter.** Admit letters will also be emailed to the candidates in their email id registered with the Institute.
- d. Admit letter will be hosted on Institute's website [www.iibf.org.in](http://www.iibf.org.in)
- e. For downloading and printing of admit letter from the above mentioned website, candidates will have to enter the following:
  - i. Membership or registration number as **login id**
  - ii. **Edit profile password.**
  - iii. 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.
- f. Candidates are required to **produce printed copy of admit letter** along with Membership identity card or any other valid photo ID card in original (Aadhaar card/ e-Aadhaar/ Employer's card/ PAN Card/ Driving License/ Election voter's card/ Passport etc.) at the examination venue.
- g. **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

- b. 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 8 functions i.e. (Addition, Subtraction, Multiplication, Division, Percentage, Sq.-root, Tax+ and Tax -), 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 before the reporting time mentioned in the admit letter. **No candidate/s will be permitted to enter the Examination Venue after the gate closing time mentioned in the admit letter.**
- c. **No candidate will be permitted to leave the examination venue in the first 60 minutes from the scheduled start time 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 compulsorily 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

- Result Advice of candidates will be hosted on Institute's website on declaration of result, which can be downloaded by the candidates.
- 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.
- Final certificates will be sent by speed post within 2 months after the declaration of result.

### MULTIPLE CHOICE QUESTIONS (MCQs) AND ANSWERS

"The Institute conducts its examinations through Multiple Choice Questions (MCQs). These MCQs are part of the Question Bank of the Institute and its Intellectual Property. As a matter of policy, these MCQs and their answers will not be shared by the Institute with the candidates or others and no correspondence in this regard will be entertained."

### CONTACT DETAILS:

Register your queries through website [www.iibf.org.in](http://www.iibf.org.in) > Members/ Candidates Support Services (Help) or email all your queries to [care@iibf.org.in](mailto: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,  
Kiro Road, Off L. B. S. Marg, Kurla West, Mumbai 400 070.  
Tel.: 022 25039746/ 9604/ 9907  
E-mail: [training@iibf.org.in](mailto: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 8587 E-mail : <a href="mailto:iibfsz@iibf.org.in">iibfsz@iibf.org.in</a>	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 : <a href="mailto:iibfnz@iibf.org.in">iibfnz@iibf.org.in</a>	Indian Institute of Banking & Finance Hindusthan Building (Annexe), 7th Floor, 4, C. R. Avenue, Kolkata – 700 072. Tel. : 033-2212 4992 E-mail : <a href="mailto:iibfez@iibf.org.in">iibfez@iibf.org.in</a>

**CORPORATE OFFICE:** Indian Institute of Banking & Finance, Kohinoor City,  
Commercial-II, Tower-1, 2nd Floor, Kiro Road, Kurla (West), Mumbai - 400 070  
Tel.: 022-2503 9746/ 9604/ 9907