



Indian
Institute of
Banking & Finance



Institute of Company
Secretaries of India

CERTIFIED BANKING COMPLIANCE PROFESSIONAL

Mastering Compliance Skills

Certified Banking Compliance Professional Course

Background :

The course on compliance in banks has been planned based on the suggestions made by the Governing Council members of IIBF. The Institute had pursued the suggestion by organizing workshops in collaboration with International Compliance Association (ICA), London. As compliance function primarily deals with local laws and regulations, the Institute decided to develop the courseware internally and seek collaboration for offering a certification course.

The Institute of Company Secretaries of India (ICSI), New Delhi has come forward recently for offering a joint certification with IIBF to their members as also the CAIIB holders to make available well qualified candidates to work in the compliance department in banks.

Objectives :

The course primarily seeks to cover the following viz. importance of compliance function in banks, compliance and organizational benefit, structure and issues in compliance function, various aspects / coverage of compliance in banks, role and functions of compliance.

Scope :

The certificate course seeks to enable the company secretaries :

- To perform the dual role of Company Secretary (Risk Manager) as well as that of the Compliance officer / Chief Compliance officer
- To ensure observance of applicable statutory provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act etc. and also other

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regulatory guidelines issued from time to time; standards and codes prescribed by BCSBI, IBA, FEDAI, FIMMDA etc. and bank's internal policies and fair practices code

- To acquaint them with the tools of managing risks
- To understand compliance function with special reference to areas of risks
- To be conversant about the procedures of compliance functions in a bank so that they are able to set priorities for the management of the compliance risks in the bank to suit its requirements
- To identify the level of compliance risk in each business line, products and processes and formulate proposals for managing such risks

Coverage :

The course broadly covers :

- Risk Management in banking and financial institutions covering inter-alia Credit Risk Management, Operations Risk Management, Market Risk and organization of risk functions in Banks
- Legal and Regulatory aspects of Risk, Governance and Compliance
- Compliance function - Roles and Responsibilities

Target group :

- ICSI members, who are desirous of working in banks in the compliance area
- Persons working in the compliance department in banks and / or persons identified for working in such departments

Modalities :

A. Eligibility

The examination is open to :

Members of ICSI and / or CAIIB holders working in banks.

B. Fees

The examination fee will be Rs.6,742/- inclusive of service tax for two papers and two attempts. For additional two attempts the fee will be Rs.3,371/- per attempt.

C. Methodology

The Certificate Course comprises of two stages namely :

- MCQ based online Examination in two papers viz.,

- a) Risk, Regulation & Governance and
- b) Compliance in banks

- Class room Learning

Candidates who pass the online examination are eligible to attend the classroom learning sessions

D. Mode

The course will be conducted through distance learning process. IIBF will arrange contact classes subject to availability of sufficient candidates in select centres across the country.

E. Study Material

The study materials for the Certificate Course will be available with Macmillan India Limited and Taxmann India Private Limited outlets

F. Examination

The online examination for the certificate course would be conducted by IIBF. Examinations will be held twice in a year in June and December on Sundays. Medium of examination will be English.

G. Class Room Learning

Class room learning would be imparted at IIBF and / or ICSI centres. The duration of the class room learning will be 5 days and the batch size would be a maximum of 40 candidates. The fee for class room learning at IIBF, Leadership centre will be Rs.22,472/- inclusive of service tax (non residential) and fee for class room learning at ICSI will be informed separately by them to the eligible candidates.

H. Certification

Passing in the online examination and completion of class room learning is essential for the award of Certificate.

Proposed Procedure :

1. Admission for the course would be through online mode. Application Forms are to be downloaded from the IIBF's website i.e. www.iibf.org.in. Eligible candidates to join the course by paying the fees which include examination fees for the two attempts.
2. Candidates to study the prescribed courseware procured from the market.
3. Study time : There has to be a minimum gap of 3 months (study time) after registration. This means that a candidate cannot appear for the Examination unless 3 months have elapsed from the date he / she has registered for the course.
4. Candidates to appear for the Online Exam - objective type - 120 Questions for 100 marks.

There will be two online papers -

- a) Risk, Regulation & Governance and
- b) Compliance in banks

Passing marks would be minimum 60 marks in each paper.

In case a candidate is not able to pass the exam within the 1st block of 2 attempts, he / she can appear for a further period of 1 year (2nd block) i.e. 2 more attempts on payment of requisite fee. Candidates not able to pass the exam within the stipulated time period of two years (four attempts) are required to register de-novo by submitting fresh online application form. Such candidates will not be granted credit for subject passed earlier, if any. Attempts will be counted from the date of registration irrespective of whether a candidate appears at any examination or otherwise

- a. There will be no negative marks for the wrong answers. There is no system of grace marks.
- b. Examination will be in English and will be conducted on two Sundays, twice in a year in June and December. The examination date will be announced by the IIBF at least three months before the examination.

Classroom Learning- Enrolment Procedure :

1. After passing the online examination, candidate has to log on to IIBF website- www.iibf.org.in and select his / her convenient slots for class room learning (5 days) from the pre-determined dates and venue (IIBF or ICSI) put-up on the website by paying the fees for class room learning to the respective organisation where he seeks to undergo class room learning.
2. Candidates to attend class room learning in IIBF or ICSI, as per the slot selected (i.e. at IIBF or ICSI as the case may be).
3. Total Marks for class room learning will be 50 and passing marks is 25. Marks for classroom learning will be awarded by faculty based on class room participation, analytical skills, discussion ability on compliance case studies etc.
4. Candidates, who successfully complete the class room learning, will be eligible for the Course Completion Certificate.
5. The names of the certified candidates will be hosted on IIBF Portal and also forwarded to all Commercial Banks for considering them for selection / appointment as Compliance Officers. This will not be regarded as a placement exercise and there will be no guarantee for placements.

Award of Certificate :

All the successful candidates will be awarded 'Banking Compliance Professional' citation jointly by IIBF and ICSI, as mutually agreed.



Course syllabus

Paper-I : Risk, Regulation & Governance

Module - A : An overview a) <i>Risk definition / policies</i> - Risk Process-Risk Organization - Key risks-Credit risk, market risk, operational risk, liquidity risk, legal risk, interest rate risk and currency risk b) <i>Asset Liability Management</i> - ALM Concept - ALM organization - ALCO techniques / tools - Simulation, Gap, Duration analysis, Linear and other statistical methods of control c) <i>Risk measurement & Control</i> - 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 - Capital adequacy norms d) <i>Risk management</i> - 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-I - Three pillars of Basel-II 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-I & II - 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-I & II - 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.
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Course syllabus

Paper-II : Compliance in banks

Module I-Regulation and Regulatory framework

- 1) Need for regulation in banks; importance of regulation, the role of regulators, the instruments of regulation, regulatory models, regulatory authorities.

Module II- Compliance programme

- 1) Compliance Risk and significance of Compliance Function; Compliance Policy; Compliance principles, process and procedures; Steps taken by Banks for compliance; Scope of compliance function; The Compliance Programme
- 2) Compliance governance structure; Organizational structure; Responsibility of the Board and Senior Management; Compliance structure at corporate office; Functional departments; Field level; Internal controls and its importance
- 3) Compliances issues; Compliance Risk; Inherent risk and Control risk; Independent testing and effective audit programme; Reporting Framework and Monitoring compliance, Reporting of breaches / non-compliances observed; Role of Audit and Inspection; Essentials for good compliance
- 4) Creating compliance culture across the organization; Governance, risk and compliance - GRC framework; Benefits of Taking an Integrated GRC Approach; Whistleblower mechanism; The Components of a Whistle-Blower Policy ; Reasons for compliance failures

Module III- Regulatory compliances

- 1) Disclosures in Financial statements of Banks; Disclosure Requirements; Capital; Repo Transactions, Investment Portfolio; Derivatives; Asset Quality; Asset Re-construction, Business Ratios; Asset Liability Management; Accounting Standard; Disclosures relating to Securitisation
- 2) Exposure norms; credit exposure to individuals / groups; exposure to certain industries; exposure to capital markets; exposures to joint ventures abroad
- 3) Computation of CRR / SLR
- 4) Capital adequacy, Basel II, Basel III
- 5) KYC / Anti-Money Laundering guidelines

Module IV- Statutory, Regulatory Restrictions and Guidelines on Loans and Advances

- 1) Statutory, Regulatory restrictions on certain sectors
- 2) Priority sectors and MSME
- 3) Interest rates on advances
- 4) NPA regulations

Module V- Foreign currency operations under FEMA and other regulations

- 1) Investment in India and abroad
- 2) Guidelines for exports
- 3) Guidelines for External commercial borrowings (ECB)
- 4) Money changing, Miscellaneous Remittances from India - Facilities for Residents; Remittance Facilities for Non-Resident Indians / Persons of Indian Origin / Foreign Nationals; Risk Management and Inter-bank Dealings
- 5) Guidelines for import of goods and services
- 6) Deposit accounts for NRIs; Memorandum of Instructions for opening and maintenance of Rupee / Foreign Currency / Vostro Accounts of Non-resident & Exchange Houses

Module VI-Guidelines for customer service

- 1) Customer Service Committee of the Board; Role of the Customer Service Committee; Board approved policies on Customer Service, government business, Frauds
- 2) Financial distribution : Insurance, Mutual funds
- 3) Alternate delivery channels : credit / debit cards; smart cards; NEFT; RTGS

About IIBF

Indian Institute of Banking & Finance (formerly Indian Institute of Bankers) is a professional education and training Institution of banks and financial institutions in India. Established in 1928, Institute has been functioning with a mission “to develop professionally qualified and competent bankers and finance professionals primarily through a process of education, training, examination, consultancy / counselling and continuing professional development programmes”. The Institute is managed by a Governing Council consisting of Chairmen of various banks and eminent academicians. The Institute is supported by almost all the banking institutions, financial institutions and RBI. The Institute is primarily known for its flagship qualifications viz. JAIIB & CAIIB. Almost all the bankers acquire the same for their professional development and career progression. Apart from this, the Institute also offers Diploma and Certificate courses in niche areas.

Currently, the Institute has 5,01,095 individual members and 701 institutional members. During 2012-13, about 2,98,000 candidates appeared for the JAIIB, CAIIB, DB&F and other Diploma and Certificate examinations of the Institute. The pedagogy of Distance learning offered by the Institute comprises (i) publishing specific courseware for each paper / examination; (ii) publishing work books; (iii) holding tutorials through accredited institutions; (iv) organizing contact classes; (v) conducting webex classes; (vi) offering e-learning through portal; (vii) organizing campus training for selected courses etc.

The state of the art Leadership Centre located in the Corporate Office complex of IIBF, Kurla is the beginning of a new chapter in the history of the Institute to meet the training and learning requirements of the manpower in the face of growing challenges, competition, innovations, technology developments and above all customer expectations. The Centre has well designed classrooms, breakaway rooms, seminar hall and a rich library. The ambience is conducive for learning such that it will enable the participants absorb very effectively the training inputs delivered at the centre.

The Institute of Company Secretaries of India (ICSI)

The Institute of Company Secretaries of India (ICSI) is a premier national professional body established by an Act of Parliament (Company Secretaries Act, 1980) to develop and regulate the profession of Company Secretaries. ICSI functions under the administrative jurisdiction of Ministry of Corporate Affairs, Government of India.

Vision : “To be a Global leader in promoting Good Corporate Governance”; **Mission :** “To Develop High Calibre Professionals Facilitating Good Corporate Governance”.

The Institute's Headquarters is at ICSI House, 22 Institutional Area, Lodi Road, New Delhi. The Regional Offices are at Mumbai, Kolkata, New Delhi, Chennai. Centre for Corporate Governance, Research and Training (CCGRT) is at Navi Mumbai and 69 Chapters of ICSI are located in various cities all across India with one Overseas Chapter at Dubai. It provides postal and oral coaching and training to students to qualify as Company Secretaries. The ICSI has on its rolls over 31,000 qualified members both in Employment & in Practice. Over 3.6 lakh students are currently enrolled in the Company Secretaries Course.

ICSI is the largest CS Professional organization which is globally recognised for guiding Industry and academia on highest standards of Corporate Governance. The ICSI is actively engaged in debate on acceptance and adoption of good governance practices and has pioneered the promotion and propagation of such practices amongst the corporates. www.icsi.edu

