

SYLLABUS

DIPLOMA IN TREASURY, INVESTMENT AND RISK MANAGEMENT

PAPER I

FINANCIAL MARKETS –AN OVERVIEW

A) Introduction to the Money Market:

- Economic Function-Definition-Classification of Intermediaries
- Types of markets-Participants-Nature of domestic Market
- Classification and Analysis of Primary Instruments
- Indirect Instruments
- Repurchase Agreements
- Types of Interest Rate Quotations

B) Capital Markets:

- Economic Function
- Classification of Instruments-by Issuer and Types
- Settlements Procedures
- Principles of Valuation
- Developments in the Capital Markets

C) Foreign Exchange Markets:

- Introduction-Definitions-Direct and Indirect Quotations:
Cross Rates, Factors affecting Exchange Rates
- Role of Banks in the Market
- Spot Operations
- Transfer Methods
- Relationship with Market Operations-Financing Spot Operations
Interest Arbitrage-Forward-Forward Business
- Forward Transactions-Factors affecting/influencing forward rates-

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Premiums: Discounts, Forward Cross Rates

- Swap Transactions
- Outright Deals
- Dealer Operations

D) External Markets

- External Commercial Borrowings
- Settlement Procedures
- GDRs / ADRs.

E) Derivatives Markets

- Introduction – Definition and Characteristics of FUTURES, SWAPS and OPTIONS
- Nature of Local Derivatives Market
- Elementary Hedge Applications

PAPER II

TREASURY MANAGEMENT

A) Scope and Function of Treasury Management:

- Objectives of Treasury
- Structure and Organisation
- Responsibilities of Treasury Manager
- Function of treasury – Centralised vs Decentralised

B) Domestic Cash Management

- Short Term/Medium Term Funding – Meaning and Importance of Cash Management
- Objectives of Cash Management
- Cash Flow Cycle
- Cash Flow Budgeting and Forecasting
- Electronic Cash Management

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C) Medium term and Long term Funding:

- FDs/NCDs/Term Loans
- Securitisation

D) Cost Centre / Profit Centre:

- Financial Planning and Control
- Capital Budgeting
- Risk Analysis

E) Liquidity Management:

- Objectives
- Sources of Liquidity
- Maturity Concerns: Projected Cash Flow and Core Sources-Contingency Plans
- Short term and Long term Liquidity
- Maturity Ladder Limits
- Internal Control – The Need and Importance – Financial and Operational risks –
Internal vs External Control Segregation of Duties among Front and Back Offices – Management Information – Netting

F) Treasury's role in International Banking:

- Changing Global Scenario and Treasury Functions
- Treasury Structure- Front and Back Office
- Forex Cash Management – Positions vs Cash Flows-Funding Alternatives
- Control of Dealing Operations – Trading Limits – Trading and Operational Policy – Moral and Ethical aspects
- Confirmations
- Revaluation Mark to Market and Profit Calculations.

G) Regulation, Supervision and Compliance

- The Need and Significance of Internal and External Audit
- The Objectives, Role and Functions of Reserve Bank's

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Supervision and Exchange Control Departments

- RBI requirements
- Recent Developments in the Central Bank's Policy Framework.

PAPER III

RISK MANAGEMENT

A) Introduction:

- Meaning of Risk in Banking Operations- Financial and Non-Financial Risks
- Risk Process
- Key Risks in Relation to Treasury Management – Interest Rate Risk, Currency Risk, Liquidity Risk, Credit Risk and Operational Risk
- Relationship with other Financial Risks.

B) Measurement and Control of Risk:

- Identifying Measures and Controlling Risk – Statistical Methods
- Risk Exposure Analysis
- Risk Management Policies
- Risk Immunisation Strategies
- Fixation and Delegation of Limits
- Different Limits- Open Position / Asset Position Limits/ Deal Size/Individual Dealers/Stop Loss Limits

C) Assets Liability Management:

- Components of Assets and Liabilities – History of AL Management
- Organisational and Functions of ALCO
- Management and Interest rate Exposure/Liquidity
- Risk Adjusted Return on Capital

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- Capital Adequacy Concerns
- ALCO Techniques – GAP Analysis, Simulation, Duration, Analysis and Linear and other mathematical methods.

D) Hedging the Risk:

- Forward, Futures and Options Market
- Mechanics of Futures
- Cash and Futures Market
- Foreign Currency Futures Market
- Options Market- Options Strategies
- Hedging Strategies and Arbitrage
- Call Options and Put Options.

Recommended Reading :

Study Material of the Institute will be available at all the offices of the Institute @ Rs.300/- per subject.

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SYLLABUS

DIPLOMA IN CAPITAL MARKETS AND MERCHANT BANKING

PAPER I

STRUCTURE OF CAPITAL MARKETS

A) Introduction to Capital Markets

- Distinction between Capital Market and Money Markets.
Definitions – Economic functions – Major Participants
- Differences between Primary and Secondary Markets
- Securities Traded – Equity and Debt Instruments – Stock Exchanges – NSE/OTCEI
- Methods of Trading – Traditional and Screen Based.
Advantages and Disadvantages

B) Trading in Securities

- Nature of Instruments Traded – Shares, Debentures, MF, Instruments and Gilt-Edged Securities.
- Trading in Primary Markets – Rules and Regulations
- Trading in Secondary Markets- Concepts of Listing, Permitted Securities
- Private Placement and the Rules governing thereof.

C) Major Players:

- Major Players - Roles and Responsibilities, Rights, Duties and Liabilities- Seller, Buyer, Broker and the Stock Exchanges.
- Meaning of Bulls and Bears- Short Sales and Over Bought Positions.
- Licensing of Brokers and the Rules thereof – Capital Adequacy for Brokers – Concept of Market Makers.
- Foreign Investors viz. FIIs, NRIs , and OCBs – Rights of Indian Investors and Foreign Investors
- Mutual Fund as Investors – Rights and Privileges.

D) Marketing of Financial Products:

- Segment Identification – Marketing Strategies – Book Building.
- Credit Rating of Instruments – Rating Symbols and their Implications.
- Rating and Efficiency of Capital Markets
- Rating Agencies – Domestic and International

E) Insider Trading

- Concept of Insider Trading and the Rules Governing Insider Trading.

F) Takeovers:

- Takeover- Code Relating to Takeover - Bhagwathi Committee Recommendations
- Financing of Takeovers
- MBOs, Leveraged Buyouts, Asset Stripping.

PAPER II

OPERATIONS AND REGULATION OF CAPITAL MARKETS

A) Stock Exchanges and Securities:

- 1 Payments and delivery mechanism in various Stock Exchanges; the system followed in NSE - Areas where improvement could be effected; “Vanda” slips in Stock Exchanges.
- 2 Concepts of immobilization of securities, dematerialisation of securities, Scrip- less trading.
- 3 Depository Institutions – participants-their rights and responsibilities.
4. Securities traded in the market and relationship with “Negotiable Instruments” – Additional protections under the N.I. Act.



B) Valuation of Securities:

- 1 Various method of Valuation of Securities: Break –up value, P.E ratio, intrinsic value, future earning potential etc.
- 2 Research in regard to Securities valuation: who is best placed to do broker, large institutional investors, Merchant Bankers or others.
- 3 Differences in valuation in primary markets between GDR/ ADR and local sales; Reasons for such differences.
- 4 Arbitrage opportunities between GDR/ADR and local markets, Exploitation of the GDR/ADR market.

C) Derivatives:

- 1 Derivative instruments - definition and their special characteristic.
- 2 Distinction between Options and Futures: Merits /Demerits of such instruments.
- 3 Concepts of “Badla” Trading in India, “Badla” Trading vs. Futures Trading
- 4 Index-linked instruments-Repo trade – Stock lending; Concept of Securitisation.

D) Regulatory Framework:

- 1 Regulatory framework for Capital markets- an Overview- role and functions of SEBI vis-a-vis capital markets.
- 2 Regulation of gilt-edged marketers: role of RBI in relation to trading in gilt-edged securities by Banks and Non-Banking finance companies.
- 3 Various legal provisions governing capital markets – SEBI Act, Companies Act, Securities Contract (Regulations) Act. Depositories legislation.

PAPER III

MERCHANT BANKING

A) Introduction to Merchant Banking

- 1 Historical development of MBs in the U.K.,U.S.A and India.



- 2 Ownership pattern of MBs: ownership patterns against the level-playing concepts: Principle of Privileged Information; Chinese Fire Walls
- 3 Differences between MBs and Commercial Banks; MBs and Brokers; MBs and Investment Banks.
- 4 Ownership of MBs by non-finance i.e., industrial and trading companies- Practices in USA/UK/Europe/India; Problems in such ownership

B) Role and Functions of Merchant Bankers

- 1 Primary markets and MBs – concept of Lead MBs – responsibilities of Lead MBs at various stages of an Issue Underwriting obligation of an MB – Voluntary or Mandatory.
- 2 Concept of Due Diligence: MB’s pivotal role in Prospectus for new Issues/Letters of Offer for Rights Issues; responsibilities of Lead and other MBs.
- 3 The other supporting agencies to an Issue viz, Registrar, Advertiser, Bankers to the Issue and their relationship with Lead MBs; Issuing Company vis-à-vis Lead MBs.
- 4 Allocation of responsibilities to different MBs for various stages of the Issue – formalities to be complied with; Categorisation of MBs, Maximum number of MBs permissible for an Issue; Inter – se responsibilities among MBs to an Issue.

C) SEBI and the Regulatory Framework

- 1 Regulator for MBs: SEBI; Directives/Guidelines issued by SEBI to MBs
- 2 Penal provisions that may be invoked by SEBI; Appellate Authority thereof.
- 3 Concept of Self Regulation – Association of Merchant Bankers in India.

D) Other Activities of MB

- 1 MBs’ activities in Secondary markets- Money and Capital markets – area of conflict of interests.
- 2 Advisory role of MBs – development of Advisory services in India – Possible enlarged role in mergers/acquisitions/ take-overs,etc.



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- 3 MBS' role in Project Appraisal –Research in Securities
- 4 Other activities of MBs- Fund-based such as, Leasing Portfolio Management Services (PMS); Role of advisors to foreign investors; Desirability of allowing proprietary trading in Secondary markets by MBs in Equities. Debt instruments and Gilt – edged securities.

Recommended Reading :

Name of the Book	Author	Publishers
1. Bharat's Manual of Merchant Banking	Dr. J. C. Verma	Bharat Publishing House
2. Managing Investments	Prasanna Chandra	Tata McGraw Publishing Co.
3. Capital Market Management	V. A. Avadhani	Himalaya Publishing House

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SYLLABUS

DIPLOMA IN INTERNATIONAL BANKING AND FINANCE

PAPER I

INTERNATIONAL BANKING OPERATIONS

International Banking – Multinational banking Definition, Characteristics, Structure and Composition of Assets/Liabilities, Contributory factors for growth.

Internationalisation, Globalisation, Securitisation.

Wholesale banking and Retail banking, Interbank business, International Private banking.

International Financial Centres and Regional Financial Centres.

International Banking Risk Management

- Asset/ Liability Management
- Exposure Management
- Treasury Management

Profitability of International banking – Mergers and Acquisitions – Losses incurred by International banks – Prospects for International Banking.

Offshore banking- Euro – Currency Markets.

Growth, Features, Functioning

Major Offshore Centres, Supervision of Offshore banking.

Investment banking – M & A Services

Correspondent banking, Loans to Foreign Banks

International Financial Institutions

IBRD (World Bank Group) – IMF – EBRD – BIS

India in International banking – Operations of Indian banks abroad.

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PAPER II

INTERNATIONAL BANKING: LEGAL AND REGULATORY ASPECTS

REGULATION OF INTERNATIONAL BANKING

- Regulation, Deregulation, Reregulations \$ Regulatory Dialectic – Regulatory Arbitrage – Regulatory capture.
- Basle Concordat
- Capital Adequacy Ratios
- Loan Loss Provisioning

Conflict of Laws

The importance of the choice of laws. Factors influencing choice of laws. Express choice of law. The proper law concept.

Market practice in relation to choice of law clauses. The importance of “conflict” principles to international lending.

Jurisdiction

Express choice of forum clauses. Basis of jurisdiction: express submission to jurisdiction. Connections between either the plaintiff or the defendant and jurisdiction. Transaction connections, Locations of assets connection. The doctrine of forum non-convenience. Jurisdiction of the English Courts – in particular over registered companies.

Exchange Controls

Introduction of Exchange Control regulation – common exchange control clauses found in International loan agreements, Market practices in relation to exchange controls.

Country Risk

- i) Assessment of country/ sovereign risk.
- ii) Developed and developing countries and their particular risk features.

Legal and practical problems associated with country lending – Sovereign immunity, political disturbance, state succession.



International Debt Crisis – Origin, Size, Causation, international measures combat the problem – Re-scheduling, New Money, Debt- Equity Swaps, IMF Conditionality and SAP, Baker Plan, Brady Plan.

Mexican Peso Crisis 1994 and after – IMF and World Bank move on debt initiative.

PAPER III

INTERNATIONAL CORPORATE FINANCE

General Principles of lending with special reference to international and multinational corporations – Assessment of risks, information sources, types of facilities, security, pricing, analysis of balance sheet, monitoring lending, work-outs.

Documentation and law and the obligation of borrowers.

International credit rating agencies and rating Criteria.

Global capital Markets

- Historical perspective and development
- Participants: Issues, investors, intermediaries.
- Disintermediation, Deregulation, Securitisation, Globalisation.

Various methods of raising resources by borrowers in International markets – domestic foreign currency loans out of foreign currency resources like FCNR(B), EEFC, etc.

International Bond Market.

- Development
- Types of Bonds, Floating Rate Notes (FRNs), Deep Discount Bonds, Zero Coupon Bonds, Dual Currency Bonds, Equity related Bonds.
- Procedure for Bonds Issues.

Regulatory Requirements:

Revolving Undertaking Facility (RUF), Note Issuance Facility (NIF): Structure and Procedure.





Syndicated Loans:

- Multicurrency Options
- Syndication process in practice
- Offer document and mandate, Loan Agreements.
- Rights and duties of Managing and Agents Banks.

Project Finance:

Bank acceptance Facilities, Commercial Paper, Euro Commercial Paper, Management Buy-outs, Leveraged Buy-outs.

Equity or Equity Linked Issues – ADRs, GDRs.

Corporate Treasury Management – Currency/ Interest Rate Exposure Management – Problems and Techniques – Identifying exposures and understanding instruments and/or methods for minimising and/or managing it.

Corporate application of Derivatives:

- Exchange traded instruments
- Over The Counter (OTC) Instruments.
- SWAPS, Financial Futures, Forward contracts, Options, FRAs, Leading and Lagging,
- Netting and Currency Borrowing.

Recommended Reading :

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SYLLABUS

DIPLOMA IN ADVANCED RURAL BANKING

PAPER I

RURAL ECONOMIC ENVIRONMENT

A) Rural India – An Introduction

- 1 Demographic Features:
Population, occupation, literacy, socio-economic development indicators – HDI of UNDP – Health, Nutrition and Education – urban migration
- 2 Characteristics of Rural Society
Economic life of rural people – local institution – caste and power structure – rural (social) stratification
- 3 Economic Features:
Share in National income-trends in per capita income, rural indebtedness – formal rural money markets.
- 4 Rural infrastructure
Transport, markets power, other services
- 5 Rural Poverty
Concept of rural poverty – alternative method of measuring poverty line-estimate of rural poverty – determinants of rural poverty- NCAER report on capability index of poverty – Lakdawala committee report on rural poverty – main causes of rural poverty and policy options – main issues and policy alternatives.

B) Agricultural Economy

Structure and characteristics of Indian agriculture – role of agriculture in economic development – agriculture in the dualistic development model – resources used, efficiency and technical change in peasant agriculture.

Institutional constraints on agricultural development – inequitable land ownership and land reform.





C) Rural Management Issues

- Rural Marketing
- Analysis of Rural Markets
- Money lenders and sellers (traders)
- Monopoly
- Monopoly structure and functioning of agricultural markets.
- Market institutions – market functions
- Trading system – marketing linkages – consumer behaviour institution building.
- Marketing problems – market development – pricing of products – market efficiency.
- Agricultural prices and terms of trade

D) Agricultural exports:

- Exports and Imports – GATT/WTO
- Agricultural development policy of GOI
- Main features of trade in agricultural goods – agricultural exports – SSI exports – agribased Industrial exports.

E) Rural Development Policy

- Capital formation in agriculture – public/private equity
- Concept of sustainable rural development – rural urban linkages
- Economic liberalisation and its impact on rural economy
- Five year plan objectives and achievements
- Integrated rural development programme
- Rural infrastructure development fund set up in NABARD.

PAPER II

FINANCING RURAL DEVELOPMENT

A) RURAL FINANCIAL SERVICES – INTRODUCTION

Historical backdrop – rural indebtedness – causes – magnitude and legislation – rural financial markets formal/informal Need and Nature of financial services required for improving and



sustaining rural society- Rural credit needs – production and investment need – estimate of credit requirements.

1 Assessment of Credit Needs

Production credit – crop loan requirements based on per acre scales of finance with built – in provision for re-scheduling in the event of crop failure and recovery through sale of crops by tie up arrangements with marketing societies.

2 Investment credit

Project approach and appraisal of investment – technical, financial, commercial, social and economic feasibility – cost benefit analysis and return on investment – determining bankloan, repayment schedule with built in monitoring and evaluation mechanism.

3 Financing of Trade and Business

Appraisal of rural non- farm sector schemes – concepts of rural non- farm sector – importance in employment generation – segments in (RNFS) – Khadi and village industries, village and cottage industries, tiny industries, Draft rural industrialisation policy of Govt. of India-appropriate technology role of CAPART – Entrepreneurship development programmes design of EDP – Myths- training – counselling, follow-up financing pattern of RNFS – composite loan scheme – working capital, block capital etc. Financial services – paradigm shift-supply vs. demand led financial services – selling vs. marketing – design and delivery of financial services understanding rural clientele, rural Communication and Participatory Rural Appraisal (PRA).

B) Area approach and Credit Planning

Lead Bank scheme – priority sector lending – service Area plans and SAMIS – potential linked plans – Innovation in rural lending.

C) Government Initiatives involving Bank Credit – A review

Poverty alleviation programmes/employment programmes/ production oriented programmes – rationale and philosophy, progress and impact, problems and deficiencies





IRDP, DWACRA, TRYSEM, SCAP/STAP, MNPA, JRY – Mehta Committee Report on IRDP.

D) Problems and Prospects in Rural Financing

Problems and prospects in rural financing – sustainability and outreach – overdues – linkaging of Credit with marketing, transaction costs, coverage of rural families.

Gender equity – problems of women in assessing credit Empowerment of women and income.

Generating activities approaches and possibilities of financing women (WDC's, NGO's, Govt. Schemes).

Country experiences in rural banking { (RBI, Indonesia, Grameena Bank (Bangladesh) Bancosol (Bolivia))}.

PAPER III

RURAL FINANCIAL INSTITUTIONS

A) Regulation of Rural Financial Services

Regulatory framework of RFIs – Reserve Bank of India and its policy and functions in rural banking – National Bank for Agriculture and Rural Development (NABARD) and its role in rural development – Impact of economic liberalisation and deregulation of interest rates in RFIs.

B) Co-operative Banks

Concept and special features of co-operatives banking – structure of co-operative credit system in India – Major structural changes in co-operatives banking – draft co-operatives bill – Ch. Brahma Prakash committee report – primary level credit institution (PACs, LAMPs, MPCs, FSS) – their functioning and problems – business development plans – District Central Co-operative Banks – structure and functions – Apex co-operative banks – structure and functions – problems and prospects of short term co-operative structure – impact of liberalisation on co-operative banks with particular reference to deregulation of interest rates and prudential norms – turnaround strategies – development Action Plan / MOU - Land Development Banks, Structure and functions – issue arising in the context – DAP/MOU.



C) Regional Rural Banks

Genesis and need – Historical background – problems of RRBs – structural and other weaknesses – Dantwala committee, working group of RRBs (Kelkar committee report) – Recommendations of committee on Financial sector reforms – recent policy changes relating to RRBs – Deregulation of interest rates and prudential norms – Turnaround strategies – DAP/MOU for revamping and re-structuring.

D) Rural Banking in Commercial Banks

Rural lending by commercial banks- problems of rural branches of commercial banks – transaction cost and risk cost of rural financing – Rural branches profit centre, impact of recent policy changes – prudential norms.

E) Local Area Banks / Other Financial Institutions – Emerging Trends

Genesis – RBI Guidelines on Local Area Banks / Other financial Institutions like private banks, Non- Banking Financial Companies, Linkages with informal money markets – some experience.

Alternative credit arrangements

Emerging Trends in rural banking – financing poor as bankable opportunity.

Microcredit – summit declaration and follow up

SHG / Linkage with Banking

Alternative financial institutions / NGO involvement

Reforms in rural credit system – Deregulation – prudential norms DAP/ MOU, Turnaround strategies.

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SYLLABUS

DIPLOMA IN BANKING TECHNOLOGY

PAPER I

INFORMATION TECHNOLOGY, DATA COMMUNICATIONS AND ELECTRONIC BANKING

SECTION A: Information Technology

Impact of Information technology on Banking, Finance and Non-financial sectors.

Strategic issues of I.T. and use of I.T. as a strategic alliance for banking and financial and non-financial sector.

Impact of Communications (Computers + Communications) on banking, financial and non-financial sectors.

Impact of Multimedia/CD-ROM in Human Resources Development/training.

SECTION B: Data Communication

Different Architectures for Electronic Banking – Client/Server, LAN, WAN, on-line Transaction Processing, Single Window concept, High Speed Data Transmission on Leased/Satellite/Micro-Wave Links.

Network Design, Network Architecture, different types, Network Protocols, Network System Administration.

Digital Network Architecture, different Communications Media.

Dial-up/Leased/Digital/Cable/Fibre Optics/Microwave Satellite Networks. Communication Devices – High Speed Modems, different Communication Applications Softwares, Routers, Switches, Bridges, Terrestrial/ Satellite Networks.

SECTION C: Planning and Implementation of Systems:

Information Systems Resources Management – Computer Systems, Computer Systems, Communication Systems, Sources, Selection, Bench Marking.

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Planning, Analysing, Designing and Implementing Computerization in the Banking Sector.

Planning, Analysing, Designing and implementing various communication networks.

SECTION D: Concepts of banking with speed, efficiency and accuracy

- Single Window Concept.
- On – Line Transaction Processing.
- Anytime banking, 365 days banking.
- Anywhere banking
- Giving Terminals to Customers.
- Telebanking.
- Home banking.
- Electronic Fund Management within a Bank/Banks inter se.
- E-Mail.
- SWIFT.
- Electronic Clearing – Debit Clearing, Credit Clearing.
- Electronic Fast Collection Scheme.
- Plastic revolution: Debit cards/Credit cards/SMART cards.
- Report of the Committee on Computerization in Banks (1989) (Dr.Rangarajan Committee Report).
- Saraf Committee Recommendations.
- Legislative aspects in Electronic Banking – Shere Committee recommendations.

SECTION E: Emerging Trends

- VAST technology
- Banking on Internet – Web Page.
- Cyber Cash
- Integrated Communication Networks, Voice/Data/Fax/Video Broadcasting and Conferencing.



- Virtual Banking.
- KIOSKS
- EDI in Banking
- Telemarketing

PAPER II

DESIGN, DEVELOPMENT AND IMPLEMENTATION OF INFORMATION SYSTEMS

SECTION A: Overview of Electronic MIS

- Challenges to banking organisations.
- Structure of Electronic MIS.
- Electronic MIS for operating control, Management Control, Strategic Control.
- Electronic MIS, Systems Analysis, Design.
- Electronic EIS
- Electronic DSS

SECTION B: Data Warehousing, Data Mining.

- Banking on Internet – Web Page – Intranet
- Planning, designing and developing Intranet for an organisation.

SECTION C: Planning, designing and developing Electronic MIS.

- Different Electronic database strategies/requirements.

SECTION D: Implementation and Control of Electronic MIS.

- Strategies of maintaining/updating dynamic data in a WAN/ LAN.
- Information Accessing, Sharing.
- Different Architectural Strategies.
- Forecasting in Banking Industry using I.T.



Future Trends:

- Explosion of Information.
- Source data Automation (SDA) – OCR Techniques.
- Data Storage on CD-ROM and with Multimedia.
- Outsourcing.
- Line MIS (Departmentwise MIS).
- Electronic Bulletin Board.
- Electronic Conference (Electronic File – Sharing).
- Group Decision Support System (GDSS).

PAPER III

SECURITY IN ELECTRONIC BANKING

SECTION A: Overview of Computer and Communications Security

- Physical Security Environment
- Intrusion Prevention
- Intrusion Detection
- Information Destruction
- Power Protection
- Fire Protection
- Water Protection
- Contingency Planning
- Password Security
- Cryptology: Encryption/Decryption/Authentication
- Various Types of Encryption
- Hardware Security Environment
- Software Security Environment
- Network Architecture
- Network Security Environment





- Communication Security Threats
- Dial up Security and Hackers
- Automated Network Administration.

SECTION B: Trouble shooting techniques

- Automated Network Administration/LAN/WAN.
- Crash prevention techniques
- Encryption and crypt analysis.
- Public encryption.
- Regulator security environment

SECTION C: Viruses – where do they come from

- Different types of Computer Viruses
- Prevention/detection and Control of Viruses
- Implementing an effective Anti-virus Policy
- Trouble Shooting of Viruses
- Software Write Protection Tools (Product)
- Automated Hard Disk Lock System (lock up)
- Hard Disk Head Protection (Park)
- Memory resident viruses protection
- Virus scan.
- Clean up.

SECTION D: System Audit and Computer Crime

- Computer crimes – computer crime techniques, concepts
- Control and prevention
- Computer Audit
- Systems Audit
- Security Administration
- Audit Security Administration
- Systems and procedures of systems Audit



- Auditing considerations
- External/Internal EDP Auditing
- Computerized Auditing Techniques.

PAPER IV
PROJECT WORK

- The candidates would be asked to submit project reports on any one of the following areas.
- Comparing, analysing, standardisation of any of the already implemented software and augmenting/debugging.
- Analyse an off the shelf software package and parameterising to suit the bank’s requirements for Implementation.
- Writing/developing a package by using one of the existing RDBMS packages.
 - a) Executive Information Systems.
 - b) Office Automation Systems.
 - c) Bank Systems Automation – like Fixed Assets, Pension Payments.
 - d) Security Check Systems.
 - e) Auditing Systems.
 - f) Accounting Packages.
 - g) Data base creating/data mining.
 - h) MIS designing.
 - i) Any other area relating to banking
- Planning and designing a system for full computerisation of a branch/networking of branches with appropriate system re-engineering.
- Planning and designing an ATM system/Credit Card System/ Telebanking.
- Planning and designing Intranet for the Bank.





OPERATIONAL MODALITIES OF 'PAPER – IV: PROJECT WORK' TO AWARD DBT

The DBT project is of great significance in testing candidate's virtuosity in Information Technology and judges his ability to independently take charge of project/system development.

The subject of the project is to be chose by the candidate in consultation with the project guide, which should be approved by the IIB-Project Evaluation Committee.

The project is to be completed within a period of 180 days from the date of commencement.

An illustrative list of subject areas is transpired below. Project report will be followed by the Viva-Voce. Project evaluation and Viva-Voce will be conducted by IIB.

Project Work – Subject Areas

- The candidates will be asked to submit project reports on any one of the following areas.
- Comparing, analysing, standardisation of any of the already implemented softwares and augmenting/debugging.
- Analyse an off the shelf software package and parameterising to suit the bank's requirements for implementation.
- Writing/developing a package by using one of the existing packages.
 - a) Executive Information systems
 - b) Office automation systems
 - c) Bank systems automation – like Fixed Assets, Pension Payments
 - d) Security Check systems
 - e) Auditing systems
 - f) Accounting packages
 - g) Data base creating/data mining
 - h) MIS designing
 - i) Any other area relating to banking



- Planning and designing a system for full computerisation of a branch/networking of branches with appropriate system re-engineering.
- Planning and designing an ATM system/Credit Card system/Telebanking.
- Planning and designing web based banking applications.

The list is only illustrative list of areas for the said work and not exhaustive.

Mode of Operation:

1. IIB prescribes qualifications for the experts to act as project supervisors as under:

Qualifications of the Project Guide

The project guide should have the following qualifications:

From Educational Institutions:

- At the rank of Sr. Lecturer and above with a minimum of 5 years experience in IT area.

OR

From the Banking Sector:

- Must be a scale III Officer and above with a minimum of three years service as Computer Professional in the field of Hardware, Software or telecommunications.
2. IIB prescribes guidelines for carrying our project work
 - Guidelines to the candidates to select DBT-project work.
 - a) Prior approval for carrying out project has to be obtained from IIB. Approval for the project commencement may be submitted when the candidate appears for the last paper to enable the candidate to have the benefit of time.
 - b) Project has to be completed within the time schedule allotted by IIB. The candidate has to ensure that it is large enough to be of practical value. Project must be relevant to the Banking Technology in computers or communication area.
 - c) Project work can be taken up only after completing the





three theory papers. These papers will have to be cleared in 3 years time from entering for the Diploma Examination. The project work should be completed within 6 months of clearing the said three papers. If the candidate was not able to complete the project work within 6 months he may be given an extension of further 6 months to complete the project by the Institute.

- d) If due to any reason the candidate could not complete the project work within the said 12 months he may be allowed at the discretion of the IIB to take up a new project and complete within one additional period of 12 months.
- e) In case the candidate fails to complete the project within the time limit stipulated under (d) above, he will have to re-register for the diploma foregoing the credits obtained for passing the three theory papers and will have to start afresh.
- f) IIB may accept the project supervisor's name submitted by the candidate or IIB may allot on its own.
- g) Time extension for project completion has to be obtained from IIB by submitting:
 - _ reasons for extension
 - _ time period for extension
- h) DBT will be awarded only after the project report is accepted and the candidate has passed in viva-voce.

3. Candidates have to submit the following to IIB:

- a) project details in the prescribed format
- b) Project synopsis
- c) Project guide registration form.

4. Project Evaluation Committee (PEC) will approve the project proposals or suggest modifications and communicate to the candidate.

5. Project duly completed by the candidate has to be submitted in a stipulated time to IIB for approval of PEC of IIB. Any extension of time period has to be approved by IIB. Project



report has to be submitted in the prescribed format.

- 6. PEC will approve or suggest modifications and communicate to the candidate about the result.
- 7. Viva-Voce will be conducted by the IIB once in a year depending upon the no. of eligible candidates. The viva is to verify the bonafide of the candidate in doing the project work by himself.

IIB will:

- a) Maintain a list of DBT Project Guides and assign registration number to the new Guides.
- b) Form a DBT-Project Evaluation Committee (DBT-PEC) to monitor the project and communicate to the candidates and Guides.
- c) Allot project Guides to the candidates if needed.
- d) Evaluate Project Report, accept and permit the candidate to appear for viva.
- e) Conduct project viva-voce in different centres depending on need once in a year as per announced schedule.





PROFORMA

**APPLICATION FOR PROJECT WORK
COMMENCEMENT**

1. NAME :
2. DBT Reg.No. :
3. Address :
4. Date of clearing DPT papers -
Paper – I :
Paper – II :
Paper – III :
5. Place of work:
6. Field of project work:
7. Location where the project will be done:
8. Tentative title of the project work:
9. Objectives & Brief description of the project:
(Enclose separate sheet with Guide's signature)
 - a) Inputs to project:
 - b) Proposed output / outcome:
 - c) Details of hardware Platform to be used:
 - d) Details of software tools to be used:
 - e) Implementation issues clearly defining the area of application:
10. How the Lab facilities are available to you ?
(In case of outside agencies a letter may be obtained from them extending the facilities for your project work)
11. How is it relevant to the bank?
12. Project Guide's IIB registration no:
(Enclose guide's registration form in case he is not registered with IIB)
13. Proposed dates of commencement & completion of the project:

Signature of the Candidate

Signature of the Guide



DBT-PEC PROJECT COMMENCEMENT APPROVAL NOTICE

DATE :

Candidate Reg. No. :

Candidate Name :

Approval No. :

Date of Approval :

Your application for the approval for the commencement of project work has been examined by PEC.

1. PEC has approved you to commence the project work :
Date of project commencement is recorded as:
Last date for submission of project report:
Project Guide:
2. You are requested to attend/clarify/ incorporate the following points immediately:
 - a) _____
 - b) _____
 - c) _____
3. You are requested to submit the following and resubmit the application to PEC for approval.
 - a) _____
 - b) _____
 - c) _____
4. Your application has been rejected on the following grounds:
 - a) _____
 - b) _____
 - c) _____
5. You are also requested to submit a progress report in the





4th month after commencing the project from the Project Guide on the following lines.

“This is to Certify that Shri..... Who is working under my guidance on the project “.....” For the Diploma in Banking Technology has started the Project Work and the progress is satisfactory/excellent. Going by the current speed of the Project Work, he would be able to complete the work on or before”

PROJECT GUIDE

For The Indian Institute of Bankers

DIRECTOR OF EXAMINATIONS



**DBT PROJECT SUPERVISOR
REGISTRATION FORM**

1. Name and Address:
2. Designation with Grade:
3. Qualifications:
4. IT qualifications:
5. Experience summary:

Position	Period	Nature of Job
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6. Projects handled, if any:
7. Fields of interest (Banking technology related):
8. Others, in support of acting as project supervisor:

Signature

OFFICE USE

Approved/
Not Approved

.....

Reg. No.:

Date:

Fields of
Specialization 1.

2.

3.



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FORMAT OF THE FINAL DBT-PROJECT REPORT

(To be submitted by the candidates)

1. **Cover Page:** Title
DBT-Reg. No.
Candidates name & address
Supervisor's name & address
Month and year of submission
2. Certificate from the supervisor: Project shall be original and not copied from existing material from any source and a certificate to that effect will be provided by project supervisor.
3. Contents
4. Approach to project and time frame
5. Summary/abstract of the work with objectives
6. Project design description with appendices to cover:
Flow charts/Data flow diagrams etc.
Hardware configurations & software tools used
Quality Assurance
The contents are to be organised into different chapters
7. Test data, if any, and results
8. Conclusion
9. Source code, if any
10. References in the format:

(S1. No.) Author, Title, Edition, Publisher, Year of publication.
The S1. Nos. are to be indicated in the text where used.

Recommended Reading :

Study Material of the Institute will be available at all the offices of the Institute @ Rs.300/- per subject.



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SYLLABUS

PROGRAM ON MUTUAL FUND MANAGEMENT

PAPER I

CAPITAL MARKET- ROLE AND STRUCTURE

A. Nature and structure of Indian Capital Market

- Money market, debt market and equity market - Need, importance, distinction and instruments
- Various instruments and players in the equity market
- Primary securities markets -issues, intermediaries and instrument (existing and emerging)
- Merchant banking /Underwriting
- Secondary markets for different instruments
- Stock exchanges and OTCEI
- Functions and growth of stock exchanges
- Issues in efficient functioning of stock exchanges
- Mechanism of trading on stock exchanges
- Role of brokers, market makers and jobbers
- Methods of quoting securities
- Cash and forward transactions / Badla and Hawala
- Procedures for share transfers
- Custodial arrangements and dematerialisation of shares - NSDL,CDSL
- Stock holding corporation of India - other custodians
- Taxation issues in capital markets
- ALBM on NSE
- Instruments on Offshore Markets - ADRs, GDRs, listing in NYSE, NASDAQ.
- Listing on NASDAQ, NYSE and LSE
- Debt Market





- Corporate debt market
- Government Securities market
- Primary Dealers
- Money Market
- Role of the Reserve Bank of India in the Debt Market
- Role of the Financial markets in the Merger and Acquisition activities
- Role of financial institutions in development of capital markets - IDBI, IFCI, ICICI, NHB, IRBI, UTI, LIC, GIC and IDCI, Mutual Funds.

B. Regulatory Framework

- Government Policies in relation to capital market
- Impact of Fiscal and Monetary policies
- Controls and regulations
- Regulation of stock exchanges with special reference to Securities Contract (Regulation) Act. Depository legislation, Companies Act. Various legal provisions relating to capital market
- CCI and SEBI
- Listing requirements
- Investor protection
- Speculation and insider trading

C. Recent trends

- Growth and reforms in capital markets and stock exchange
- Computer based trading - NSE - Electronic trading (BOLT and NSE Terminals);
- Depositories: Need, Indian Scenario, Benefits of Depository Holding
- Basics of Derivatives
- Internet Trading and Electronic Brokerage Firms like ICICI's Web Direct.



D. Information Sources & Analysis

- Stock Market Indices - Bond market indices and Sectoral indices
- Electronic Information Dissemination Systems: Reuters, Bridge systems, Bloomberg, Internet Web pages - Institutional Home pages and personal finance pages, finance portals.
- Financial Papers & Magazines
- Computer statistical packages
- Yield rates

PAPER II

INVESTMENT MANAGEMENT

A. Investment Objectives & Avenues:

- Safety, liquidity and Return
- Risk- Return trade -off
- Fixed Income investment
- Equity investment opportunities
- Instruments deposits, government bonds, debentures, shares convertibles, mutual fund units, company deposits, etc.

B. Investment Criteria:

- Pay Back period
- Time value of money
- Discounted cash flow - present value and internal rate of return
- Cost of capital

C. Company Assessment

- Analysis of Corporate financial statements
- Ratio Analysis (profitability ratios, liquidity ratio, solvency ratio leverage ratio and return ratio)



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- Comparison of Financial Results - sequentially and year on year
- Cash flow analysis
- Results of subsidiaries, affiliates and foreign operations
- Corporate taxation
- ESOPs
- Financial statements in US GAAP
- Growth analysis
- Margin analysis
- Breakeven analysis

D. Investment/Security Analysis

- Efficient Market Theory
- Fundamental and Technical analysis
- Random walk theory
- Forecasting techniques
- Price earning ratios
- Equity valuation
- Role of mass psychology in market movements
- EPS analysis
- PE/EPS growth ratio
- Dividend yield
- Bond valuation
- Credit Rating - CRISIL - Random Walk Hypothesis

E. Portfolio Planning and Management

- Selection of investment to meet diverse needs of investors
- Concepts of risk and return
- Diversification
- Risk measurement
- Variance analysis - mean - covariance analysis - data analysis

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- Systemic risk and unsystemic risk
- Risk adjusted returns
- Capital asset pricing model
- Timing of investment
- Tax incentives and implications
- Trading costs
- Performance evaluation
- Outperformance/Underperformance
- Performance consistency

PAPER III

MUTUAL FUND OPERATIONS

A. Mutual Funds - Introduction

- Concept of a Mutual Fund
- Funds structure and constituents
- Investment Management, Advantages of Mutual Fund investing -portfolio diversification, professional management, reduction of risk, transaction costs and taxes, liquidity and convenience.
- Mutual Funds operations (process flowchart): investments and repurchases of the investor
- Role of Mutual funds - View Point of Corporates, High Networth Investors and Small Investors.

B. Development of Mutual Funds

- History of Mutual Funds in India - Public and Private Sector funds, Foreign Funds
- Size of industry
- Growth trends
- UTI (its role in Mutual Funds sector, unique structure)
- Mutual Funds place in Financial Markets
- Measuring and evaluating Mutual Fund performance.

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C. **Knowing the Investor**

- The role of the investment guide
- Getting to know the investor
- The kinds of investors
- Recommending Strategies for Investors
- Understanding investor profile
- The know your investor rule in practice - case examples
- Retirement planning/ "phase of life" investments
- Servicing the investor
- Strategies to maximise returns

D. **Types of Funds**

- **Design** of Mutual Funds Products
- **Innovations** in Mutual Funds Products
- **Open end funds/closed end funds**, load funds, no load funds, tax exempt and non tax exempt funds
- Money market funds
- **Equity funds** - aggressive growth funds, small cap funds, growth funds, growth and income funds, value funds, equity income funds, equity offshore funds, option income funds.
- **Debt funds** - corporate bond funds, government securities funds, tax exempt bond funds, municipal bond funds, mortgage backed bond funds, specialised bond funds (infrastructure/real estate, high yield bond funds, offshore/global bond funds/single country funds, single state funds.
- **Hybrid Funds** - balanced funds, growth & income funds, asset allocation funds
- **Commodity funds** - precious metal funds, single versus multi commodity funds
- **Real estate funds** - growth funds, income funds.
- **Sectoral funds** - Technology, FMGC, Pharma and other securities.
- **Marketing of Mutual Funds**



- Marketing by intermediaries
- **Marketing and sales promotion:** investor education - matching product benefits with investor needs, positioning of various types of schemes - target segment, advertising of mutual funds, ethics and information disclosure, comparison of mutual funds vis-à-vis other investment avenues, comparison among mutual funds.
- **Customer service:** electronic holding statements, customer complaints, and consumer courts.

E. **Systems, procedures, practices and problems**

- **Issue management:** investments through credit cards, systematic investment plans
- **Savings schemes and plans:** Understanding investor profile - Investment needs & savings goals - risk return profile (age-group, retired, life cycle financial planning)
- **Funds deployment and management:** prudential norms for investment - industry-wise exposure limits, investments in non-listed securities, spot transactions industrywise exposure limits, investments in non-listed securities, spot transactions.
- **Country Funds and management:** need for offshore funds, tax treaty with Mauritius, customer offshore funds.
- **Automation & Computerisation** Role of the Internet, e-commerce, web based transactions and customer service, and online investments.

F. **Core Operations of the Mutual Funds**

- Back Office Operations - Role of Custodians, Clearing houses and Depositories
- NAV calculations: MF Accounting Software
- Cash Flow/ Banking operations
- Investor Servicing - Registrars and their role, Communication to the Investors
- Systems for smooth operations of the Mutual Funds

G. **SEBI Mutual Fund Guidelines and Notifications**

- Significant Guidelines and Notifications - How they help in



maintaining the transparency of operations and level playing field among the funds.

- Compliance

Recommended Reading :

Study Material (For MFM)

The Institute is in the process of developing appropriate study material for paper I and II. The Paper material developed by AMFI is recommended for Paper III. Pending development of course material, the following books are recommended for study:

Paper I : Capital Market - Role and Structur

1. Stock Exchange and Investments - V. Raghunathan - Tata McGraw Hill
2. Indian Financial System - M. Y. Khan - Tata McGraw Hill

Paper II : Investment Management

1. Managing Investments - Prasanna Chandra - Tata McGraw Hill.
2. Portfolio Management - Samir K. Barua, S. R. Varma, V. Raghunathan - Tata McGraw Hill

Paper III : Mutual Fund Operations

1. AMFI Mutual Fund Testing Programme - Workbook - Association of Mutual Funds in India.

Additional reference Books :

1. Bharat's Manual of SEBI - Edited by Ravi Puliani, Mahesh Puliani - Bharat Law House Pvt. Ltd., New Delhi.
2. Essentials of Investments - ZVI Bodie, Alex Kane, Alan J. Marcus - Irwin McGraw Hill
3. Fundamentals of Investments - Gordan J. Alexander, William F. - Sharpe - Irwin McGraw Hill

Candidates are requested to update themselves by referring to financial dailies/magazines.