

## **DIPLOMA IN BANK MANAGEMENT**

### **Introduction to Various Types of Banking**

Concepts and overview of operations of Corporate Banking, Rural Banking, International Banking, Retail Banking and Co-operative Banking.

### **Basics of Business Mathematics**

Calculation of simple Interest and compound interest -Fixed and Floating interest rates - calculation of EMIs - Calculation of front end and back end interest - Calculation of Annuities - Calculation of provisions for NPA and risk weights for Basel-II - Interest calculation using products / balances. Bonds - Calculation of YTM - Duration - Bond Pricing - Premium and Discount - Bond valuation rules preliminary method, definition of debt, rules on compounding in respect of loan accounts, penal interest etc. Capital Budgeting - Discounted cash flow - net present value - pay back methods. Depreciation - different types - methods of calculation Foreign Exchange Arithmetic for beginners.

### **Accounting in Banks / Branches**

Definition & Scope and Accounting Standards - Nature and purpose of accounting; historical perspectives - Origins of accounting principles - accounting standards and its definition and Scope. Generally Accepted Accounting Principles – USA Transfer Price mechanism. Basic Accountancy Procedures - Concepts of accountancy - entity going concern – double entry systems, Principles of conservatism - revenue recognition and realization - accrual and cash basis. Record keeping basics -account categories - debit and credit concepts - journalizing - Maintenance of Cash / Subsidiary books and Ledger -Trial Balance - Adjusting and Closing entries - Day Book and General Ledger Posting.

### **Bank Accounting and Balance Sheet**

Rules for bank accounts, cash / clearing / transfer vouchers / system - subsidiary book and main day book - General Ledger -Branch v/s Bank Accounts Bank Balance Sheet Structure - accounts - categories -Assets, Liabilities and Net Worth Components.

Accounting for NPA / Provisioning / Suit Filed Accounts. Preparation of Final Accounts - Final Accounts of Banking Companies. Disclosure requirements.

### **Computerized Accounting**

Accounting in electronic environment - methods - procedures - security - rectification.

Core banking environment is to be highlighted. Standard books maintained for different accounts are to be shown as model.

### **Financial Management of Banks**

#### ***Risk Management***

Risk-Concept - Risk in Banks - Risk Management Framework - Organisational Structure – Risk Identification - Risk Measurement / - Sensitivity - Basis Point Value (BPV) - Duration –Downside Potential - Value at Risk, Back Testing - Stress Testing - Risk Monitoring and Control – Risk Reporting - Market Risk identification, Measurement and management / credit risk - rating methodology, risk weights, eligible collateral for mitigation, guarantees; credit ratings, transition matrices, default probabilities, Credit risk spreads, risk migration and credit metrics , Counterparty risk. Credit exposures, recovery rates, risk mitigation techniques, - / Operational and integrated Risk Management - Risk management and capital Management - Basel-II - Current guidelines on risk management.

#### ***Treasury Management***

Concepts and function; instruments in the treasury market, development of new financial products, control and supervision of treasury management, linkage of domestic operations with foreign operations. Interest rate risk, interest rate futures Mix / Pricing of Assets, Liabilities - On-Balance Sheet Investment and Funding Strategies – Stock options, debt instruments, bond portfolio strategy, risk control and hedging instruments. Investments - Treasury bills, money market instruments such as CDs, CPs, IBPs Securitisation and Forfaiting; refinance and rediscounting facilities. Derivatives - Credit Default Swaps / Options.

### ***Balance Sheet Management***

Prudential norms-Capital Adequacy. Implementation of Basel-II guidelines : RBI guidelines. Banks Balance Sheet - Components of assets / Liabilities / ALM Implementation – RBI Guidelines - Gap Analysis - Mechanics, Assumptions, and Limitations - Illustrations of Actual Gap Reports - The Relationship Between Gap and Income Statement - Funding Liquidity - Trading / Managing Liquidity - Contingency Funding - Business Strategies : Profit and profitability analysis, Asset Classification - provisioning - effect of NPA on profitability, Shareholder value maximization & EVA - profit planning-measures to improve profitability. Disclosure guidelines.

### **Central Banking in India & Fiscal Management:**

#### ***Monetary Policy and Developmental & Regulatory Policies***

Monetary Policy : Objectives, Reconciling dual objectives, The Taylor Rule, Indicators of Policy, instruments of policy (Repo Rate, Reverse Repo Rate, Bank Rate, OMO, CRR, SLR etc.), policy Transmission mechanism and channels, transparency of policies, Lags in policy. Developmental & Regulatory Policies. An over view of Fiscal Policy : Importance of Budgets, Union Budget, State Budget, Finances of Union and State Governments, Finance Commission. Striking balance between inflation and growth through monetary and fiscal policies.