20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **CAIIB ABM combines economic analysis, statistics, HRM and credit management in a single objective paper.**
ABM is one of the compulsory CAIIB papers and is tested through multiple-choice questions covering these varied areas.

2. **Module A of CAIIB ABM covers Economic Analysis, Statistics and Business Mathematics.**
This module forms the quantitative core of the paper, testing numerical and conceptual skills.

3. **Module B of CAIIB ABM covers Human Resource Management topics like motivation and performance.**
HRM is largely theory-based and is considered a scoring module for CAIIB ABM candidates.

4. **Module C of CAIIB ABM covers Credit Management, including appraisal, working capital and term loans.**
This module tests both conceptual understanding and numerical credit appraisal skills.

5. **IRAC norms classify bank loan assets as standard, sub-standard, doubtful or loss assets.**
IRAC stands for Income Recognition and Asset Classification, a framework used for asset quality assessment.

6 **SMA, or Special Mention Account, flags early signs of stress in a loan account before it turns NPA.**
SMA categories act as an early-warning system so banks can act before an account becomes non-performing.

7 **Gap analysis in Asset-Liability Management measures the mismatch between repricing assets and liabilities.**
It helps banks estimate how interest rate changes will affect their net interest income.

8 **A positive interest-rate-sensitivity gap means more assets than liabilities reprice within a given period.**
In this situation, rising interest rates generally tend to improve net interest margin, and falling rates tend to reduce it.

9 **Net Interest Margin (NIM) reflects the difference between interest income and interest expense relative to earning assets.**
NIM is a key profitability measure that ALM concepts like gap and duration analysis help explain.

10 **Maslow's hierarchy of needs is a foundational motivation theory studied in CAIIB ABM's HRM module.**
It arranges human needs from basic physiological needs up to self-actualisation.

11 **Herzberg's two-factor theory separates hygiene factors from motivators in workplace motivation.**
Hygiene factors prevent dissatisfaction while motivators drive genuine job satisfaction, per Herzberg's model.

12 **Theory X and Theory Y describe two contrasting management assumptions about employee attitudes to work.**

Theory X assumes employees avoid responsibility while Theory Y assumes they are self-motivated, a classic HRM concept.

13 **DSCR, or Debt Service Coverage Ratio, is used to assess a borrower's ability to repay term loan instalments.**

A higher DSCR generally indicates stronger capacity to service debt from operating cash flows.

14 **MCLR is the Marginal Cost of Funds based Lending Rate framework used by Indian banks to price loans.**

MCLR was introduced to make bank lending rates more responsive to changes in the cost of funds.

15 **External benchmark-linked lending rates have shifted Indian bank loan pricing away from the older base-rate system.**

Regulators pushed banks toward transparent, benchmark-linked pricing for better rate transmission.

16 **Standard deviation measures how spread out a set of data values is around its mean.**

It is a core statistics concept tested in CAIIB ABM's quantitative Module A.

17 **Correlation measures the strength and direction of a linear relationship between two variables.**

It is a statistical tool used in ABM to describe association, not necessarily causation, between variables.

18 **The SARFAESI Act lets banks enforce security interest on defaulted secured loans without court intervention in eligible cases.**

It gives secured creditors a faster route to recover dues by seizing and selling secured assets.

19 **The Insolvency and Bankruptcy Code (IBC) provides a time-bound process for resolving stressed corporate borrowers.**

IBC aims to resolve insolvency cases within defined timelines to protect asset value.

20 **Working capital assessment evaluates how much short-term financing a borrower's operating cycle needs.**

It is a core Module C skill combining ratio analysis, fund flow and cash flow interpretation.