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20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **BFM stands for Bank Financial Management.**
   BFM is the expanded form of the acronym used for this CAIIB paper.

2. **BFM is the second paper of the CAIIB examination.**
   CAIIB conducted by IIBF includes BFM as one of its core papers, positioned as the second paper.

3. **CAIIB is conducted by the Indian Institute of Banking and Finance (IIBF).**
   IIBF is the body that designs and administers the CAIIB examination for bankers.

4. **The CAIIB BFM syllabus is organised into four modules.**
   The four modules are International Banking, Risk Management, Treasury Management, and Balance Sheet Management.

5. **Module A of BFM covers International Banking, including forex business and trade finance.**
   Module A deals with exchange rates, letters of credit, ECGC, FEMA and FEDAI rules.

6 **Module B of BFM covers Risk Management, including VaR and Basel norms.**

Module B is considered the most formula-driven and demanding part of the BFM syllabus.

7 **Module C of BFM covers Treasury Management, including money-market instruments and derivatives.**

Module C links treasury functions with instruments like CPs, CDs and hedging tools.

8 **Module D of BFM covers Balance Sheet Management, including ALM and capital adequacy.**

Module D ties prudential norms, gap analysis and profitability to the bank's balance sheet.

9 **UCPDC 600 is the rulebook that governs documentary letters of credit in trade finance.**

UCPDC 600 stands for Uniform Customs and Practice for Documentary Credits, studied under Module A.

10 **ECGC stands for Export Credit Guarantee Corporation of India.**

ECGC provides insurance and guarantee cover for exporters and importers, a Module A topic.

11 **FEDAI stands for Foreign Exchange Dealers Association of India.**

FEDAI frames rules that govern forex dealing by banks in India, covered under Module A.

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12 **FEMA governs foreign exchange transactions and regulations in India.**
FEMA is the Foreign Exchange Management Act referenced in the BFM International Banking module.

13 **VaR, or Value at Risk, is a core risk-measurement concept in the Risk Management module.**
VaR helps banks estimate potential losses under normal market conditions.

14 **BPV, or Basis Point Value, measures a portfolio's sensitivity to small interest-rate changes.**
BPV is studied alongside VaR and stress testing in the Risk Management module.

15 **ALM stands for Asset Liability Management, a key topic in Balance Sheet Management.**
ALM covers gap analysis and the relationship between assets, liabilities and interest rate risk.

16 **NPA stands for Non-Performing Assets, which affects a bank's profitability.**
The BFM syllabus links NPA classification and provisioning to profitability analysis.

17 **EVA stands for Economic Value Added, used to gauge shareholder value creation.**
EVA is studied under the profitability and strategy portion of Balance Sheet Management.

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18 **Commercial papers, certificates of deposit and inter-bank participation certificates are money-market instruments studied in Treasury Management.**
These short-term instruments form part of the treasury products covered in Module C.

19 **Many CAIIB candidates consider BFM the toughest paper in the exam.**
BFM blends dense theory with numerical topics like forex maths, VaR and gap analysis.

20 **Clearing CAIIB can support a banker's promotion and an advance increment.**
Many banks treat CAIIB certification as a merit-linked qualification for career progression.

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