20 True or False

Decide, then check the answer and reason below each statement.

Question 1

BFM is the second paper of the CAIIB examination.

TRUE

IIBF structures CAIIB with BFM as one of its core papers, positioned second.

Question 2

CAIIB is conducted by the Indian Institute of Banking and Finance (IIBF).

TRUE

IIBF is the examining body that administers CAIIB and its BFM paper.

Question 3

The CAIIB BFM syllabus is divided into four modules.

TRUE

The modules are International Banking, Risk Management, Treasury Management and Balance Sheet Management.

Question 4

Module A of the BFM syllabus covers International Banking.

TRUE

Module A deals with forex business, exchange rates and trade finance topics.

Question 5

UCPDC 600 is the framework that governs documentary letters of credit.

TRUE

UCPDC 600 sets uniform rules for documentary credits used in international trade.

Question 6

ECGC provides insurance and guarantee cover for exporters and importers.

TRUE

ECGC, the Export Credit Guarantee Corporation of India, covers risks in foreign trade.

Question 7

FEDAI frames rules for foreign exchange dealings by banks in India.

TRUE

FEDAI is the Foreign Exchange Dealers Association of India, a Module A topic.

Question 8

VaR is used as a risk-measurement tool in the Risk Management module of BFM.

TRUE

Value at Risk helps estimate potential portfolio losses under normal market conditions.

Question 9

ALM stands for Asset Liability Management in the Balance Sheet Management module.

TRUE

ALM covers gap analysis and interest rate risk between a bank's assets and liabilities.

Question 10

Rising NPAs can reduce a bank's profitability.

TRUE

Non-Performing Assets require provisioning that directly erodes a bank's profits.

Question 11

BFM stands for Bank Fund Management.

FALSE

BFM actually stands for Bank Financial Management, not Bank Fund Management.

Question 12

The CAIIB BFM syllabus has only three modules.

FALSE

BFM has four modules: International Banking, Risk Management, Treasury Management and Balance Sheet Management.

Question 13

Module B of the BFM syllabus covers International Banking.

FALSE

Module B covers Risk Management; International Banking is Module A.

Question 14

ECGC stands for Export Credit Guarantee Council.

FALSE

ECGC actually stands for Export Credit Guarantee Corporation of India.

Question 15

UCPDC 600 governs only domestic retail banking transactions.

FALSE

UCPDC 600 governs documentary letters of credit used in international trade finance, not domestic retail banking.

Question 16

FEMA stands for Foreign Exchange Monetary Agency.

FALSE

FEMA stands for the Foreign Exchange Management Act, not a monetary agency.

Question 17

BPV stands for Bond Price Valuation.

FALSE

BPV actually stands for Basis Point Value, a measure of interest-rate sensitivity.

Question 18

Treasury Management is designated as Module A of the BFM syllabus.

FALSE

Treasury Management is Module C; Module A is International Banking.

Question 19

CAIIB is conducted by the Reserve Bank of India.

FALSE

CAIIB is conducted by IIBF, not the Reserve Bank of India.

Question 20

The BFM paper has no numerical or case-study component.

FALSE

BFM blends theory with numericals such as forex maths, VaR and gap analysis, plus case studies.