

Annexure – II**NISM Series XVIII - Financial Education Certification Examination****Test Objectives****1. Introduction**

- 1.1. Recognize the need for Financial Literacy
- 1.2. Understand the role of financial education to achieve financial well being
- 1.3. Understand the Importance of Financial Planning

2. Key Concepts in Personal Finance

- 2.1. Know the Key concepts of Personal Finance such as Savings, Investment, Borrowing, Income and Expenses, Surplus/Deficit, Assets and Liabilities, Inflation, Time Value of Money, Active and Passive Income, Instant and Delayed Gratification, etc.
- 2.2. Understand the power of compounding and calculation using Rule of 72
- 2.3. Discuss the concept of Rupee Cost Averaging

3. Financial Planning and Budgeting

- 3.1. Define Financial Planning
- 3.2. Describe the Financial Planning Process
- 3.3. List the various steps involved in Financial Planning Process and discuss these steps in detail
- 3.4. Describe SMART financial goals with examples
- 3.5. Understand the three pillars of investments
- 3.6. Understand the concepts of risk and return
- 3.7. Define budgeting, understand its key aspects and its importance in financial planning

4. Savings Related Products

- 4.1. Know various types of bank accounts such as Savings account, Current account, fixed deposits, recurring deposits
- 4.2. List the various modes of transfer through banking channel such as NEFT, RTGS, IMPS, UPI.
- 4.3. Discuss the account opening process including the importance of KYC norms
- 4.4. Discuss the do's and don'ts while using digital payments
- 4.5. Differentiate between credit card and debit card
- 4.6. Explain the role of Reserve Bank of India

5. Investment in Securities Market

- 5.1. Understand various investment avenues offered by Securities Markets
- 5.2. Differences between Primary Market and Secondary Market
- 5.3. Understand operational aspects of securities markets such as placement of orders, contract note, pay-in and pay-out, trading and settlement cycle.

- 5.4. Discuss various risks involved in investing in securities markets
- 5.5. Discuss the benefits of investing through Mutual Funds
- 5.6. Know the Mutual Fund categorization and understand product labeling and riskometer of mutual funds
- 5.7. Understand Systematic Investment Plan (SIP) and its advantages
- 5.8. Discuss the role played by Commodity Derivatives markets in hedging of commodity price risk
- 5.9. Understand the products traded in Commodity Derivatives Exchanges and benefits offered by them to various stakeholders

6. Insurance related Products

- 6.1. Explain the role of Insurance as risk management tool
- 6.2. Understand the broad classification of various Insurance avenues and know the key features of each of these categories
- 6.3. Discuss the regulatory role of IRDAI

7. Pension, Retirement and Estate Planning

- 7.1. Describe the importance of Pension and its role in providing financial security in old age
- 7.2. Know NPS and its key features
- 7.3. Discuss the features of Ties-I and Tier-II accounts of NPS
- 7.4. Understand the investment options under NPS
- 7.5. List the key features of retirement planning
- 7.6. Define Estate Planning and understand the importance of nomination, will & PoA

8. Borrowing Related Products

- 8.1. Define Borrowing, Collateral and Equated Monthly Installments (EMI)
- 8.2. List of Documents required for obtaining Loans
- 8.3. List various loan products offered by Financial Institutions and know the key features of these loans
- 8.4. State the 5Cs of Credit
- 8.5. Discuss the role of credit information organizations and understand the Credit Score

9. Government schemes for various savings and investment options

- 9.1. Discuss the salient features of various Government Schemes
- 9.2. Understand the Insurance schemes of Government of India and their important features
- 9.3. Understand the Pension schemes of Government of India and their important features
- 9.4. Understand the Borrowing schemes of Government of India and their important features

10. Tax Savings Options

- 10.1. Describe the concept of Income Tax
- 10.2. List the various deductions allowed under Income Tax Act and their key features

11. Caution against Ponzi Schemes and unregistered Investment Advisers

- 11.1. Define Ponzi scheme and know how to spot a Ponzi scheme (broad signs)
- 11.2. Discuss various financial frauds such as Investment frauds, Lottery frauds, Mass marketing frauds, Credit card frauds.
- 11.3. Understand the do's and don'ts while dealing with Investment Advisers and need for caution against Unregistered Investment Advisers

12. Grievance Redressal Mechanism

- 12.1. Familiarize with SEBI SCORES and know how it works
- 12.2. Understand the Grievance Redressal mechanism in Securities Markets
- 12.3. Understand the Grievance Redressal mechanism in Banking industry
- 12.4. Understand the Grievance Redressal mechanism in Insurance industry
- 12.5. Understand the Grievance Redressal mechanism in Pension industry
- 12.6. Know various Grievance Redressal Agencies and the category of complaints they try to resolve
