

FRM Syllabus: Topics, Weightage, and Part 1 & 2 Details

The [FRM](#) syllabus covers a large number of subjects in an attempt to enable deep insight into financial risk management. Under FRM Part 1, the subjects include: Foundations of Risk Management, Quantitative Analysis, Financial Markets and Products, and Valuation and Risk Models. All of these lay down the foundational building blocks for further learning. Some of the subjects in FRM Part 2 include Market Risk Measurement, Credit Risk Measurement, Operational Risk, Liquidity and Treasury Risk, Investment Management, and Current Issues in Financial Markets. All these subjects help equip candidates with the skills and knowledge needed to be successful in the financial risk management profession.

What is FRM?

[FRM full form](#) is Financial Risk Manager. It is a course by the Global Association of Risk Professionals. GARP, as an institution, has an outstanding reputation within the finance and banking industries. This course mainly targets developing skills related to risk management. Topics in this course range from credit risk and market risk to operational risk and investment management. The two parts to this FRM certification are

- **FRM Part 1:** It includes basic concepts like quantitative analysis, risk models, and [financial markets](#).
- **FRM Part 2:** Advanced topics include market risk management, credit risk management, and liquidity risks.

The FRM certification opens the doors to high-paying jobs in top [financial institutions](#). It is a tough exam, but proper coaching can clear the exam for candidates and help them gain an edge in their careers.

FRM Course Structure

FRM course structure divides the syllabus into understandable portions. The two main components are FRM Part 1 and FRM Part 2. Both components deal with the subjects to be discussed under risk management but are different in topics with one step progressing the other one step further. The FRM was designed to further provide a broader understanding with the help of tools managing financial risks to effectively work together. It also prepared its candidates for profession in various banking, finance, and investment firms.

- **FRM Part 1:** Part 1 seems to be more of an endeavor to cover core concepts such as quantitative analysis and financial markets models that act like a building block for advanced issues covered in Part 2.
- **FRM Part 2** - This section of the program is relevant to advanced risk management areas: market risk, credit risk, operational risk, and investment management.

This well-structured program is meant for the candidates to get adequate knowledge relevant to practical skills in the area of financial risk management.

FRM Syllabus

FRM curriculum covers important topics such as quantitative analysis, financial marketing, creating risk models Credit risk Operation risk Investment management, etc., divided into 2 parts:

- **Part 1:** This includes risk [management concepts](#) Methods of measurement quantity Financial tools And modeling tools related to assessment.
- **Part 2** of FRM covers additional technical content: market risks. Credit risk And operational risk Above all in the financial market

Each item will enter another item because the applicant will experience each component related to risk management. And we will explain more in these two parts:

FRM Syllabus Part I

[FRM course](#) 1 introduces techniques and tools used in financial risk management. Part 2 Set the starting process to use the knowledge gained as a foundation for dealing with advanced concepts. Basic knowledge about FRM curriculum Part 1 of FRM depends on the main concept of risk management. Quantitative characteristics of the financial market and the value assessment model are based on the method. It is good for new students because it is a strong foundation for advanced education. Topics in part 1 are very necessary to get a view that covers financial systems and risk management tools.

Topic Area	Weightage	Description
Foundations of Risk Management	20%	Covers basic risk management concepts, lessons from financial disasters, and the role of risk managers in organizations .
Quantitative Analysis	20%	Focuses on statistical techniques, including regression analysis and time-series analysis, with applications in risk management.
Financial Markets and Products	30%	Explores financial instruments such as derivatives, fixed income, and equities, along with their valuation models.
Valuation and Risk Models	30%	Introduces tools like Value at Risk (VaR), stress testing, and scenario analysis to measure and manage financial risks.

1. Foundations of Risk Management

Risk management is sometimes presented as rather amorphous as to what it is about. Some of the goals of this chapter include defining the role of the risk manager, summarizing some history lessons on financial crises, and outlining some simple principles by which risks are identified and reduced.

2. Quantitative Analysis

Quantitative approaches would provide the methods to quantify and formulate financial risks. The curriculum would include coverage of statistics such as regression and probability distributions, but by no means stop there and include sophisticated modeling tools like Monte Carlo simulations.

3. Financial Markets and Products

This unit would explain the structures and operations of financial markets about different products like derivatives, bonds, and equities. The valuation of these products plays a significant role in the overall management of portfolios.

4. Valuation and Risk Models

Risk models such as VaR, stress testing, and scenario analysis measure and control the market, credit, and operational risks. What follows is the very practical application of useful ways in the real-world application of such tools.

FRM Syllabus Part II

FRM syllabus Part 2 is an advanced risk management concept. This part constructs from the foundations learned in Part 1 and prepares the candidates for specialized employment roles in financial institutions. Part 2 covers advanced topics like market risk, credit risk, operational risk, and liquidity management. It equips candidates to develop and apply risk management strategies professionally. These modules are extremely analytical and best suited for students looking to specialize in leadership roles in financial risk management

Topic Area	Weightage	Description
Market Risk Measurement	20%	Explores advanced models for measuring and managing market risks, including Value at Risk (VaR) and stress testing techniques.
Credit Risk Measurement	20%	Focuses on credit risk modeling, default probabilities, counterparty risk, and the use of credit derivatives in risk management.
Operational Risk	20%	Covers operational risk frameworks, Basel regulations, and strategies to mitigate risks related to fraud, system failures, and compliance.

Liquidity and Treasury Risk	15%	Discusses liquidity risk management techniques, cash flow modeling, and treasury operations to ensure financial stability.
Investment Management	15%	Focuses on portfolio management, hedge funds, private equity investments, and methods for performance evaluation.
Current Issues in Financial Markets	10%	Examines the impact of emerging trends, regulatory changes, and global financial crises on financial markets and institutions.

1. Market Risk Measurement

In determining [market](#) risks, which arise due to movements in the market, market risk measurement will tend to depend on the most advanced models and methods. This chapter reviews models that are explicitly critical in the calculation of possible losses in portfolios, namely historical simulation and parametric Value at Risk (VaR). It also emphasizes more on the techniques that have to be applied in stress testing to identify the effects of unfavorable market conditions on financial systems, thereby ensuring that effective risk management strategies are used.

2. Credit Risk Measurement

Credit risk measurement focuses on the techniques used to model credit risk and estimate default probabilities. It discusses how credit derivatives are used in managing credit-related risk exposure and provides information on counterparty risk in derivative contracts. This subject prepares candidates to assess creditworthiness and minimize potential losses in credit [transactions](#).

3. Operational Risk

It deals with risks occurring within the organizational internal processes, fraud, system failure, and legal issues. The section outlines the frameworks adopted in managing the risks. It will deal with the Basel II and III guidelines. Candidates will be able to identify, assess, and mitigate operational risks through tools and strategies that enhance organizational resilience.

4. Liquidity and Treasury Risk

Liquid and treasury risk management refers to the practices used to ensure that financial institutions have the necessary means of responding to their near-term obligations. It includes treasury operations, cash flow forecasting, and working tools for treating liquidity risks. It underscores the importance of ensuring sufficient liquidity in preventing poor operational and financial stability.

5. Investment Management

Investment management deals with portfolio diversification, asset allocation, and hedge fund and private equity strategies. The chapter discusses performance evaluation metrics and the importance of risk-adjusted returns in portfolio management. The candidates also learn about venture capital investments and strategies to maximize returns.

6. Current Issues in Financial Markets

The final chapter explores the implications of new trends, including climatic risks and digital currencies, on financial markets. The regulatory and change impact regarding the financials of the changes is then evaluated based on a comparison of global financial crises. In this sense, the question sets candidates to answer emerging issues in the practice of contemporary risk management within a dynamic setting.

FRM Study Material

FRM study material is extremely important during examination preparation. Candidates need to choose study resources according to the syllabus so that they learn the concepts better. Study materials refer to GARP's official books, third-party guides, or online materials. Only the right study material will help the candidates learn the concept appropriately and help them to clear the examination.

Suggested FRM Study Materials

- **GARP Books:** Official GARP books cover complete syllabus coverage.
- **Plutus education:** Plutus's education is famous for quality learning media. There is a modern source of information according to the latest FRM curriculum. There is a regular training document to improve exam preparation.
- **Kaplan Schweser:** It is a popular choice because of its concise notes and practice questions.
- **EduPristine Notes:** Industry-oriented materials with practical applications.
- **Practice Tests:** Mock exams from reliable providers help candidates simulate the real exam environment.

Candidates should supplement these materials with online tutorials and forums to clarify doubts and strengthen their preparation.

FRM Exam Pattern And Grading System

Understanding the FRM exam format and grading system is very important for effective preparation. Both FRM Part 1 and Part 2 follow the rigorous format that both sections are designed to test. Candidate's analytical and problem-solving abilities.

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FRM Exam Format

The FRM exam format consists of MCQs divided into two parts. These tests are administered via computer format. Each section requires applicants to complete the test within four hours

Exam Part	Number of Questions	Duration	Focus Areas
FRM Part 1	100 Multiple-Choice Questions	4 Hours	Quantitative Analysis
			Risk Models
			Foundations
FRM Part 2	80 Multiple-Choice Questions	4 Hours	Advanced Risk Concepts,,
			Market Risk
			Credit Risk

FRM Grading System

- **No Negative Marking:** There are no negative marks for wrong answers, so all questions should be attempted.
- **Performance Comparison:** GARP assesses the candidate's performance relative to other test-takers.
- **Pass/Fail Outcomes:** All candidates need to pass at the passing mark which is different during different cycles.

FRM Course Duration

The preparation time for the FRM (Financial Risk Manager) course varies from candidate to candidate depending on their preparedness and ability to pass both parts of the exam. The certification has two parts: FRM Part 1 and FRM Part 2, which require a lot of study hours. [FRM course duration](#) of An average student is 6–9 months to prepare for the two parts.

- **FRM Part 1:** It is recommended to have around 300 hours of focused study on topics such as quantitative analysis, risk models, and financial markets.
- **FRM Part 2:** Usually requires 300–400 hours because it deals with advanced concepts like credit risk, market risk, and operational risk. Candidates usually take 1–2 years to complete the certification, depending on their schedules and preparation strategies. Structured coaching and disciplined self-study can help candidates complete the course faster.

FRM Syllabus FAQs

1. What does FRM mean?

FRM full form is Financial Risk Manager. It is one of the internationally accepted certifications conducted by GARP.

2. What are the eligibility criteria for FRM?

There are no strict eligibility criteria for the FRM exam, but to acquire the title of FRM one must have a minimum of two years of professional experience in their relevant field.

3. What is the FRM course duration?

Most students take 1–2 years to complete the FRM course, depending upon their schedule and pace.

4. What are the career prospects after FRM?

FRM professionals can work as Risk Managers, Investment Analysts, or Risk Consultants. The FRM Salary in India varies between ₹8-12 lakhs pa, based on experience.

5. How do I choose the best FRM study material?

Choose materials such as GARP books, Kaplan Schweser, and EduPristine notes for comprehensive preparation. Mock tests also help in understanding the exam pattern.

