

Introduction to Credit

A. Aim of Subject:

To provide an introduction to the principles of lending, credit products, securities, collections and recoveries and the legal and regulatory issues facing banking professionals.

B. Subject Specific Learning Outcomes:

Outcome 1

Explain the principles of lending.

Knowledge, Understanding and Skills

- The structured approach
- The principles of lending
- The person
- Amount and purpose
- Repayment
- Viability
- Security
- Reward
- Services
- Development of credit scoring
- Credit policy

Outcome 2

Describe the range of credit products and services.

Knowledge, Understanding and Skills

- Overdrafts
- Personal loans
- Revolving credit
- Credit cards
- House purchase loans
- Bridging loans
- Term loans
- Hire purchase and leasing
- Self build finance

Outcome 3

Describe and explain securities for advances.

Knowledge, Understanding and Skills

- Why and when security should be taken
- Attributes of a good security
- Security discount factors
- Types of security and their discounted value
- The law of property
- Security over land and property

- Mortgage regulation
- Guarantees
- Stocks and shares as security
- Types of shares
- Life policies
- Miscellaneous securities

Outcome 4

Demonstrate an understanding of the importance of communicating with customers.

Knowledge, Understanding and Skills

- What is communication?
- Questioning techniques
- Listening
- Barriers to communication
- An introduction to negotiation skills

Outcome 5

Demonstrate an understanding of collections and recoveries.

Knowledge, Understanding and Skills

- Collections and recoveries
- Irregular accounts
- Collections
- Re-aging of debt
- Recoveries
- Intensive care units

Outcome 6

Understand the relevant legal and regulatory frameworks.

Knowledge, Understanding and Skills

- The Consumer Credit Act
- The Banking Code
- The Business Banking Code