



kasneb

DCM LEVEL II

CREDIT MANAGEMENT

MONDAY: 17 May 2021.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) Distinguish between “retail bank” and “wholesale bank”. (4 marks)
- (b) Explain four factors that a person should consider when selecting a credit card. (8 marks)
- (c) Analyse four advantages of online loan application. (8 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Explain three features of mortgage type of financing. (6 marks)
- (b) Identify three essential elements of a credit policy. (6 marks)
- (c) List four advantages of advising customers on their credit limits. (4 marks)
- (d) Identify two situations when the following types of leases would be preferred as a mode of financing:
 - (i) Finance lease. (2 marks)
 - (ii) Operating lease. (2 marks)

(Total: 20 marks)

QUESTION THREE

- (a) List four types of credit facilities offered by the banks in your country. (4 marks)
- (b)
 - (i) Explain the term peer to peer (P2P) lending. (2 marks)
 - (ii) Outline three advantages of P2P lending to the borrower. (6 marks)
- (c) Describe four objectives of a credit policy in an organisation. (8 marks)

(Total: 20 marks)

QUESTION FOUR

- (a)
 - (i) Outline three warranties implied under Hire Purchase Contract. (6 marks)
 - (ii) Summarise four rights granted to a hirer under the Hire Purchase Act. (4 marks)
- (b) Explain five actions that could lead to delinquency in the operations of a co-operative society. (10 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) Suggest three checks that a prospective Savings and Credit Co-operative (SACCO) member should perform before joining a Savings and Credit organisation. (6 marks)
- (b) With reference to “Know your Customer” (KYC), explain the following terms:
 - (i) Money laundering. (2 marks)
 - (ii) Terrorism financing. (2 marks)
- (c) Analyse five issues that should be considered when regulating microfinance institutions (MFIs) (10 marks)

(Total: 20 marks)

.....