



DCM LEVEL II

CREDIT MANAGEMENT

MONDAY: 27 November 2017.

Time Allowed: 3 hours.

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

**QUESTION ONE**

- (a) Discuss five providers of credit in your country. (10 marks)
  - (b) Highlight five characteristics of a hire purchase agreement. (5 marks)
  - (c) Enumerate five benefits of co-branded credit cards. (5 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) Analyse six factors that could have hindered the growth of consumer credit in your country. (6 marks)
  - (b) Describe eight strategies for reducing delinquency in a loan portfolio. (8 marks)
  - (c) Explain six features of a cooperative society. (6 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) (i) Explain the term "interest rate risk". (2 marks)
  - (ii) Outline four reasons why banks consider interest rate risk as a crucial element in their risk management. (8 marks)
  - (b) Argue five cases against leasing as a source of finance. (5 marks)
  - (c) Describe five criteria that determine the ideal level of working capital in a business. (5 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) Highlight five causes of non-performing assets (NPA). (5 marks)
  - (b) Describe four disadvantages of credit scoring. (8 marks)
  - (c) Analyse seven procedures to be followed when taking guarantee as security. (7 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Highlight five services offered under mobile banking. (5 marks)
  - (b) Identify seven safeguards used in internet banking. (7 marks)
  - (c) Explain four ways in which leases could be terminated. (8 marks)
- (Total: 20 marks)**

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