



**kasneb**

**DCM LEVEL II**

**CREDIT MANAGEMENT**

**MONDAY: 23 November 2020.**

**Time Allowed: 3 hours.**

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

**QUESTION ONE**

- (a) Analyse any six contents of effective credit policy. (6 marks)
  - (b) Describe four parties in card payment system. (8 marks)
  - (c) Explain three goals of a microfinance institution. (6 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) Analyse three characteristics of a finance lease. (6 marks)
  - (b) Describe three disadvantages of hire purchase financing agreement. (6 marks)
  - (c) Identify four factors that a credit manager should consider when appraising a customer for a loan facility. (8 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) Explain three disadvantages of a bank overdraft facility as an alternative source of finance. (6 marks)
  - (b) Discuss four remedies available to a mortgagee in the event of default. (8 marks)
  - (c) Analyse three factors to consider when re-assessing a customer for an additional credit facility. (6 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) Enumerate six features of Fintech Apps that appeal to millennials. (6 marks)
  - (b) Explain three reasons why a borrower should desist from borrowing loans from shylocks. (6 marks)
  - (c) Highlight eight ways that a borrower could use to get out of debt. (8 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Explain three factors that a microfinance institution (MFI) should consider in deciding the extent of credit risk assessment on a customer. (6 marks)
  - (b) Differentiate between the following terms as used in credit management:
    - (i) "Counter party risk" and "default risk". (4 marks)
    - (ii) "Discount house" and "finance house". (4 marks)
  - (c) Propose three factors that a credit controller could consider before extending credit to customers. (6 marks)
- (Total: 20 marks)**
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