

CCP PART III SECTION 5

CREDIT MANAGEMENT IN THE FINANCIAL SECTOR

THURSDAY: 2 September 2021.

Time Allowed: 3 hours.

QUESTION ONE

(a) Discuss the four steps of credit card transaction processing.

(8 marks)

(b) (i) Explain the term "leveraged lease".

(2 marks)

(ii) Summarise four characteristics of leveraged lease.

(4 marks)

(c) With reference to Sacco society regulations 2020, outline three functions of the supervisory committee of the Board.

(6 marks) (Total: 20 marks)

QUESTION TWO

(a) Examine six advantages of microfinance group lending model.

(6 marks)

(b) Discuss three types of risks that need to be managed in a hire purchase system.

(6 marks)

(c) Highlight four reasons why firms undertake debt restructuring exercises.

(4 marks)

(d) Suggest four reasons why lending institutions may experience default and problem loans.

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

(4 marks) (Total: 20 marks)

QUESTION THREE

(a) Summarise seven types of information that a bank relies on when evaluating customers' credit worthiness for an overdraft facility. (7 marks)

(b) The Kenya Mortgage Refinancing Corporation (KMRC) was formed with the sole aim of accelerating one of the Big 4 Agenda on affordable housing in the country.

With reference to the above statement:

(i) Explain five eligibility criteria for KMRC loans.

(5 marks)

- (ii) Examine five challenges KMRC is facing in execution of its mandate of providing affordable housing in the country. (5 marks)
- (c) Explain three ways fraudsters use to gain access to customers credit card data.

(3 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) (b) Describe five circumstances that could force the Sacco societies regulatory authority (SASRA) to require a higher amount of minimum core capital for a non-deposit taking SACCOs. (5 marks)
 - (ii) Highlight five lending disclosure requirements as per the non-deposit taking business regulations of 2020. (5 marks)
- (b) Examine six factors that a credit analyst should consider when appraising intellectual property for purpose of securing a credit facility. (6 marks)
- (c) Outline four features of a hire purchase agreement.

(4 marks)

(Total: 20 marks)

OUESTION FIVE In reference to securities, distinguish between the following terms: (a) "Surety" and "chargee". (4 marks) (i) (4 marks) "Pledge" and "lien". (ii) Evaluate three responsibilities of financial institutions to their customers in relation to sharing of credit information (b) (6 marks) with the credit reference bureaus (CRBs). Suggest six corrective actions that could be taken in managing difficult loan accounts. (6 marks) (c) (Total: 20 marks) - Particular Control of the Hotel of the Hot स्वयंत्रां से क्रिका असे प्राप्ति alia, alia di mandia degi di Ekonodeki 🛦 DATE CHIRADIO access thousands of tree content here: www.freekceepastpapers.com The old was especially (a) 1023555 1144 and the second of the first 18 18 C. Daylinger All Espaining Francis Chierrin. Contract His General S 法国际政治 网络拉克斯基斯克 History Co. with the same waters of our some radium 20 ni gazend skidaria, gazen eta i Zadrgariji. TRAINING SE (admen 60 starrett 1997年,宋汉明代的**在**第二

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