



CCP PART III SECTION 5

CREDIT MANAGEMENT IN THE FINANCIAL SECTOR

FRIDAY: 27 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) Discuss six objectives of cooperative societies movement in your country. (6 marks)
- (b) Summarise six rights of a hire purchaser in a hire purchase agreement. (6 marks)
- (c) Explain the following lease rental structures:
- (i) Equal annual plan. (2 marks)
 - (ii) Stepped up plan. (2 marks)
 - (iii) Balloon payment plan. (2 marks)
 - (iv) Deferred payment plan. (2 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Examine 4P's of agricultural credit assessment/appraisal. (8 marks)
- (b) Discuss three features of credit card application form. (6 marks)
- (c) Assess three key operating principles of microfinance institutions (MFIs) in your country. (6 marks)

(Total: 20 marks)

QUESTION THREE

- (a) Discuss four laws that govern the operations of cooperative societies as a form of business. (8 marks)
- (b) Outline six duties of a "loans committee" in credit management. (6 marks)
- (c) Assess three types of risks associated with crowd funding for investors. (6 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) Highlight five types of information collected by a credit manager when assessing a loan application for a commercial real estate customer. (5 marks)
- (b) Enumerate five factors that a person should consider when applying for a loan. (5 marks)
- (c) Client retention and group management is key to sustainable growth and sound risk management of micro-finance institutions. However, inevitably some mature clients within groups exhibit signs of fatigue in group lending activities.

With reference to the above statement:

- (i) Propose five reasons why mature group clients tend to show signs of reduced interest in group lending activities. (5 marks)
- (ii) Summarise five features of successful Village Savings and Loaning Associations (VSLAs). (5 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) Movable properties are used as collateral for loans and as such require proper legal provisions for their effectiveness. In relation to this statement:
- (i) Summarise eight legal and regulatory objectives of the Movable Property Security Rights Act in development of efficient and effective credit markets in your country. (8 marks)
 - (ii) Examine two limitations of using Stock Exchange Securities as collateral for loan. (2 marks)
- (b) Discuss the 5P's of lending in Credit Analysis. (10 marks)
- (Total: 20 marks)**
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