KASNEB

DCM LEVEL II

CREDIT MANAGEMENT

TUESDAY: 17 November 2015.

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

QUESTION ONE
(a) Summarise six signs of delinquency in a microfinance portfolio. (6 marks)

(b) (i) Explain the contents of a customer’s monthly credit card statement. (6 marks)

(ii) Discuss four items that could constitute a credit card billing error. (8 marks)

(Total: 20 marks)

QUESTION TWO
(a) Examine four pre-qualification requirements for a mortgage application. (8 marks)

(b) Describe the CAMPARI model and its methodology. (7 marks)

(c) Analyse five limitations of the credit scoring model. (5 marks)

(Total: 20 marks)

QUESTION THREE
(a) Discuss four challenges that could hinder the growth of mortgage finance in your country. (8 marks)

(b) Analyse five characteristics of a closed-end lease agreement. (5 marks)

(c) Highlight seven operational risks of a commercial bank. (7 marks)

(Total: 20 marks)

QUESTION FOUR
(a) In the context of savings and credit co-operatives, describe the role of the following parties:

(i) Members. (5 marks)

(ii) Committee members. (3 marks)

(b) Enumerate six responsibilities of a hirer in a hire purchase agreement. (6 marks)

(c) Highlight four causes of non-performing loans. (4 marks)

(d) Differentiate between “retail exposure” and “wholesale exposure” as used in credit management. (4 marks)

(Total: 20 marks)

QUESTION FIVE
(a) Describe five functions of credit administration. (5 marks)

(b) Explain four causes of group delinquencies that could lead to default if not managed properly. (8 marks)

(c) Summarise the contents of a credit policy. (7 marks)

(Total: 20 marks)