

KASNEB

DCM LEVEL II

CREDIT MANAGEMENT

TUESDAY: 17 November 2015.

Time Allowed: 3 hours.

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. (3 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)**
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