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CCP PART I SECTION 1

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) Discuss five main areas of credit department operations. (10 marks)

(b) Describe five risks covered by export credit insurance. (5 marks)

(c) Analyse five objectives of credit management. (5 marks)
(Total: 20 marks)

QUESTION TWO

(a) Identify five contents of a sales ledger. (5 marks)

(b) Explain the following credit terms:

    (i) (Net) monthly account. (2 marks)

    (ii) 30 (or 60 or 90) days. (2 marks)

(c) Explain the following terms as used in credit management:

    (i) Stage payment. (2 marks)

    (ii) 80/20 rule. (2 marks)

    (iii) Monthly account. (2 marks)

(d) Analyse five factors that a credit manager should consider when hiring a third party collection agency. (5 marks)
(Total: 20 marks)

QUESTION THREE

(a) Describe six types of customer information that a good management system should provide on real-time basis. (6 marks)

(b) Discuss four risks related to online payment methods. (8 marks)

(c) Explain three types of mistakes that a collection officer should avoid when collecting debts. (6 marks)
(Total: 20 marks)

QUESTION FOUR

(a) Differentiate between "credit policies" and "credit procedures". (4 marks)

(b) Analyse five factors that a credit manager should consider before suing a debtor for recovery. (10 marks)

(c) State three short comings of using ratios in credit assessment. (6 marks)
**(Total: 20 marks)**

QUESTION FIVE

(a) Analyse five renegotiated methods used by a lender to manage problem loans. (10 marks)

(b) Credit analysts evaluate the risk factors that may influence loan applications and approvals. In this regard, they are incharge of collecting and examining the financial background of applicants.

    With reference to the above statement, describe five daily tasks undertaken by a credit analyst. (10 marks)
(Total: 20 marks)

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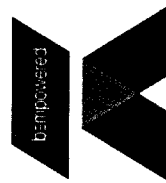
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CCP PART I SECTION 1

CREDIT MANAGEMENT

TUESDAY: 26 November 2019.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a)   Highlight four advantages of creating a company's internal debt collection unit.   (4 marks)

(b)   Explain four benefits of trade credit insurance to the suppliers.   (8 marks)

(c)   Discuss four stages of the credit appraisal process of a customer.   (8 marks)
                                                                                      (Total: 20 marks)

QUESTION TWO
(a)   Enumerate four contents of a well written credit policy.   (8 marks)

(b)   Describe six factors to consider when formulating credit terms.   (6 marks)

(c)   Outline six benefits of effectively managing accounts receivable.   (6 marks)
                                                                                      (Total: 20 marks)

QUESTION THREE
(a)   Discuss three best practice guidelines for managing credit risk in commercial banks.   (6 marks)

(b)   "Payment plans should be negotiated only when a customer cannot pay all the past due amount within a 30-day time frame".

        With reference to the above statement:

        (i)   Enumerate two objectives of negotiating a payment plan.   (2 marks)

        (ii)   Explain six key steps in a payment negotiation plan.   (6 marks)

(c)   (i)   Explain the term "accounts receivable ageing schedule".   (2 marks)

        (ii)   Identify four major columns in an accounts receivable ageing schedule.   (4 marks)
                                                                                      (Total: 20 marks)

QUESTION FOUR
(a)   Describe six features of a good billing management system.   (6 marks)

(b)   Identify six indicators of a cash strained business.   (6 marks)

(c)   Explain eight responsibilities of a credit manager.   (8 marks)
                                                                                      (Total: 20 marks)

QUESTION FIVE
(a)   Analyse three payment methods commonly used in trade credit.   (6 marks)

(b)   Propose five benefits of using brokers when purchasing credit insurance policies.   (10 marks)

(c)   Highlight four characteristic of a good credit proposal.   (4 marks)
                                                                                      (Total: 20 marks)

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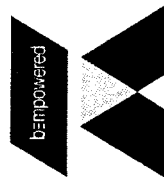
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CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 20 May 2019.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a)   Explain four advantages of direct debit as a method of payment.   (4 marks)

(b)   Discuss three advantages of customer risk categorisation.   (6 marks)

(c)   In reference to 80/20 rule, analyse the procedure of selecting key accounts from a mass of ordinary accounts.
(4 marks)

(d)   Describe two measures that a credit manager could put in place in order to improve the relationship between the organisation and the key account customers.   (6 marks)
(Total: 20 marks)

QUESTION TWO
(a)   Explain the following types of payment terms:

      (i)   Contra terms.   (2 marks)

      (ii)   Middle of month terms.   (2 marks)

      (iii)   Cash before delivery terms.   (2 marks)

(b)   Outline eight types of information that are provided by lenders to credit reference agencies.   (8 marks)

(c)   Describe three types of business risks that are covered under commercial insurance.   (6 marks)
(Total: 20 marks)

QUESTION THREE
(a)   Explain four types of consumer credit products in your country.   (8 marks)

(b)   Highlight four characteristics of an effective payment method.   (4 marks)

(c)   Explain four reasons why courts are referred to as "last resort" in debt recovery.   (8 marks)
(Total: 20 marks)

QUESTION FOUR
(a)   Explain eight objectives that a credit policy should satisfy in an organisation.   (8 marks)

(b)   Propose six ways in which the use of credit information systems could help improve a customer's credit risk assessment.   (6 marks)

(c)   Analyse six factors a credit manager should consider when formulating a conservative credit policy for an organisation.   (6 marks)
(Total: 20 marks)

QUESTION FIVE
(a)   Describe five steps that should be followed when opening a new customer account.   (5 marks)

(b)   Explain seven factors which influence the level of investment in account receivables.   (7 marks)

(c)   Analyse four advantages of using internal sources of finance to finance credit.   (8 marks)
(Total: 20 marks)

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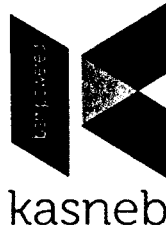
CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 26 November 2018.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a)   (i)   Explain the term "borrowing base".   (2 marks)

        (ii)   Describe three ways in which a credit manager could use the borrowing base.   (3 marks)

(b)   In order to offer payment services, mobile payment service providers are required to enter into customer service agreement with the customers.

        Required:
        Examine nine issues that should be included in the customer service agreement.   (9 marks)

(c)   A credit manager should occasionally sample loans granted to determine the effectiveness of the organisation's credit risk management framework.

        With reference to the above statement, highlight six factors to consider when selecting the sample of loans to be reviewed.   (6 marks)
                                                                                        (Total: 20 marks)

QUESTION TWO
(a)   Explain six risks covered under the comprehensive short term guarantee.   (6 marks)

(b)   Describe eight mechanisms that could be adopted by a credit controller to ensure prompt payment of export credit.
                                                                                                    (8 marks)

(c)   Examine three measures that a credit manager should incorporate when developing procedures for administering a sales ledger.   (6 marks)
                                                                                        (Total: 20 marks)

QUESTION THREE
(a)   Analyse three types of training programmes available for credit department staff.   (6 marks)

(b)   Distinguish between "balance transfer credit cards" and "secured credit cards".   (4 marks)

(c)   Collection and debt repayment agencies must create and maintain records of all their activities relating to collection or debt repayment.

        With reference to the above statement, list six kinds of records that should be maintained by collection agents.
                                                                                                    (6 marks)

(d)   Highlight four disadvantages of trade credit.   (4 marks)
                                                                                        (Total: 20 marks)

QUESTION FOUR
(a)   Highlight four factors that should be taken into account in making financial decisions.   (4 marks)

(b)   Explain four problems associated with lack of information technology (IT) systems in credit control process.
                                                                                                    (4 marks)

(c)   Describe four problems associated with manual "cash matching".   (8 marks)

(d)   The following information was extracted from the books of Sukuma Mbele Ltd.:

1.   Sales for the year ended 31 December 2017 amounted to Sh.180,000.
2.   Debtors as at 31 December 2017 amounted to Sh.30,000.

Required:
(i)   Calculate the average number of day's sales still owing at the end of the period.   (2 marks)

(ii)   Calculate the average number of sales still owing in terms of months.   (2 marks)
(Total: 20 marks)

QUESTION FIVE
(a)   List seven performance measures used in a credit department.   (7 marks)

(b)   Enumerate six guidelines that should be included in a credit policy.   (6 marks)

(c)   Highlight seven credit control measures that a firm should adopt.   (7 marks)
(Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 21 May 2018.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a)   Describe three techniques that could be used to offset currency risk.   (6 marks)

(b)   (i)   Explain the term credit information sharing (CIS).   (2 marks)

       (ii)   Analyse four benefits of credit information sharing to the customer.   (8 marks)

(c)   Assess four kinds of information required by the insurer about the supplier's business before insuring his accounts receivables.   (4 marks)
(Total: 20 marks)

QUESTION TWO
(a)   Examine three challenges that could have hindered the growth of e-commerce in your country.   (6 marks)

(b)   Explain how extending credit to customers could impact on your business based on:

       (i)   Costs.   (3 marks)

       (ii)   Profits.   (2 marks)

       (iii)   Liquidity.   (2 marks)

(c)   Outline seven actions that should be undertaken by a debt collector before and during debt collection visit.   (7 marks)
(Total: 20 marks)

QUESTION THREE
(a)   With reference to debt collection through legal process, highlight five options available to a defendant upon being served with the claim.   (5 marks)

(b)   Distinguish between "loan rewrite" and "loan postponement" as used in credit management.   (4 marks)

(c)   Discuss three demerits of a back-office model of a credit department.   (6 marks)

(d)   Describe five types of Days Sales Outstanding (DSO) used in measuring the quality of debtors in a credit department.   (5 marks)
(Total: 20 marks)

QUESTION FOUR
(a)   (i)   Describe the term "digital lending".   (2 marks)

       (ii)   Highlight four advantages of digital lending.   (4 marks)

(b)   Analyse five characteristics of a revolving credit.   (10 marks)

(c)   Explain four roles of sales representative reports in credit risk assessment.   (4 marks)
(Total: 20 marks)

QUESTION FIVE

(a)   (i)   Explain the term "conservative credit policy".   (2 marks)

        (ii)   Highlight five characteristics of companies that adopt conservative credit policy.   (5 marks)

(b)   Discuss four benefits of a sales ledger.   (8 marks)

(c)   Analyse five non-financial factors that a credit controller should consider in consumer credit.   (5 marks)
                                              (Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 27 November 2017.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a) With reference to debt collection, summarise six contents of a legal demand notice issued by a lawyer. (6 marks)

(b) Describe three checks that should be performed before credit disbursement. (6 marks)

(c) Outline eight approaches to a successful credit function in an organisation. (8 marks)
(Total: 20 marks)

QUESTION TWO
(a) Discuss the importance of the following as a measure of credit department efficiency:

  (i) Days sales outstanding. (3 marks)
  (ii) Debtors in dispute. (3 marks)

(b) Enumerate four attributes of a good credit proposal. (4 marks)

(c) Outline four disadvantages of granting credit. (4 marks)

(d) Explain the following types of payment terms:

  (i) Net 7. (2 marks)
  (ii) Journey terms. (2 marks)
  (iii) Stage payments. (2 marks)
(Total: 20 marks)

QUESTION THREE
(a) Discuss five factors affecting payment terms in the international market. (10 marks)

(b) (i) With reference to the credit approval process, distinguish between "substantive errors" and "procedural errors". (4 marks)

  (ii) Outline six measures that could be used to mitigate the errors in (b) (i) above. (6 marks)
(Total: 20 marks)

QUESTION FOUR
(a) (i) Distinguish between a "brought-forward statement" and "open-item statement". (4 marks)

  (ii) Outline six contents of a sales ledger. (6 marks)

(b) Describe five factors affecting credit risk in personal lending. (5 marks)

(c) Highlight five characteristics of an effective accounts receivable system. (5 marks)
(Total: 20 marks)

QUESTION FIVE
(a) Explain six types of provision for bad and doubtful debts policies. (6 marks)

(b) Discuss three key steps in telephone collection. (6 marks)

(c) Analyse four situations in which it is favourable to use documentary method of collection in export trade. (8 marks)
(Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 22 May 2017.
Time Allowed: 3 hours.

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

QUESTION ONE
(a)   Describe the importance of the five C's of credit management in consumer credit.   (10 marks)

(b)   Enumerate five factors that a credit manager could consider when granting credit.   (5 marks)

(c)   Highlight five benefits of using local purchase order (LPO) as a source of finance to an organisation.   (5 marks)
(Total: 20 marks)

QUESTION TWO
(a)   (i)   Distinguish between "pre-shipment finance" and "post-shipment finance" as used in export credit.   (4 marks)

       (ii)   Explain six benefits of pre-shipment finance to an exporter.   (6 marks)

(b)   Discuss five steps followed in debt collection process.   (10 marks)
(Total: 20 marks)

QUESTION THREE
(a)   Summarise five advantages of export credit insurance.   (5 marks)

(b)   Explain four benefits of mobile money transfer as a payment method in business.   (4 marks)

(c)   In contested cases, for example debt recovery through legal process, the issues are determined on the basis of evidence produced by the parties.

       With reference to the above statement, analyse three forms of evidence.   (6 marks)

(d)   Identify five pointers of a cash strained business.   (5 marks)
(Total: 20 marks)

QUESTION FOUR
(a)   Explain the following terms as used in lending:

       (i)   Personal loans.   (2 marks)

       (ii)   Auto loans.   (2 marks)

       (iii)   Payday loans.   (2 marks)

(b)   Outline seven sequences of actions used in credit risk assessment.   (7 marks)

(c)   Highlight seven contents of a customer's master file.   (7 marks)
(Total: 20 marks)

QUESTION FIVE

Mathew and his two brothers operate a fast moving goods chain of stores under the name Kaka Tatu Enterprises. They have been denied an enhancement of their overdraft at the bank due to what the bank termed as overtrading. Mathew has approached you seeking for professional advice regarding the improvement of their business operations. Your further analysis of the books of account and an interview with the management of the chain stores reveals that they have heavily depended on trade credit from their suppliers, and short-term financing from banks including the running overdraft. You further deduce that out of the Sh.10 million capital employed, 70% is financed by trade payables, short-term loans and bank overdraft; a state that could easily lead to winding up of the enterprise should any of the creditors file a petition.

Required:

(a)   Explain to the management of Kaka Tatu Enterprises the term "overtrading".   (2 marks)

(b)   Propose four indicators of overtrading.   (8 marks)

(c)   Describe five remedies that the management of Kaka Tatu Enterprises could apply to avoid overtrading.

(10 marks)
(Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 21 November 2016.   **Time Allowed: 3 hours.**

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

QUESTION ONE
(a)   Summarise five functions of a credit department in an organisation.   (5 marks)

(b)   Analyse five reasons for the inclusion of credit terms and payment methods in the credit policy.   (5 marks)

(c)   Evaluate five types of letters of credit used in export trade.   (10 marks)
     (Total: 20 marks)

QUESTION TWO
(a)   (i)   Explain the term "crowdfunding".   (2 marks)

        (ii)   Analyse two types of crowdfunding.   (4 marks)

(b)   Highlight four benefits of submitting invoices through third party network.   (4 marks)

(c)   (i)   Distinguish between "deferment" and "forbearance" as used in credit management.   (4 marks)

        (ii)   Examine three circumstances when forbearance might be available to a customer.   (6 marks)
     (Total: 20 marks)

QUESTION THREE
(a)   Explain what each of the following ratios would indicate about an organisation:

        (i)   Current ratio.   (2 marks)
        (ii)   Net profit ratio.   (2 marks)
        (iii)   Net profit to net assets ratio.   (2 marks)
        (iv)   Sales to fixed assets ratio.   (2 marks)

(b)   Enumerate four mistakes that a debt collector might make during collection of debts.   (4 marks)

(c)   Explain the term "days sales outstanding (DSO)".   (2 marks)

(d)   The information provided below relates to Uwezo Ltd.:

Date	Accounts receivable Sh."000"	Month	Credit sales Sh."000"
31 October 2016	6,000	October 2016	10,000
30 September 2016	6,000	September 2016	12,000
31 August 2016	4,000	August 2016	10,000
	16,000		32,000

Required:
(i)   Standard days sales outstanding.   (3 marks)
(ii)   Best possible days sales outstanding.   (3 marks)
     (Total: 20 marks)

QUESTION FOUR
(a)   Highlight five benefits of settlement discount to an organisation.   (5 marks)

(b)   (i)   Explain the term "credit card".   (2 marks)
        (ii)   Outline three costs associated with the use of a credit card.   (3 marks)

(c)   Analyse five factors that an organisation might take into consideration before commencing legal action against a debtor.
     (10 marks)
     (Total: 20 marks)

QUESTION FIVE

(a)   Explain the purpose of the following documents used in export credit:

       (i)   Proforma invoice.   (2 marks)

       (ii)   Bill of lading.   (2 marks)

       (iii)   Inspection certificate.   (2 marks)

       (iv)   Packing list.   (2 marks)

       (v)   Insurance document.   (2 marks)

(b)   Discuss five types of credit insurance policies available to an organisation.   (10 marks)

                                                  (Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

MONDAY: 23 May 2016.   **Time Allowed: 3 hours.**

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

QUESTION ONE

(a)   Summarise four mitigation strategies that could be adopted by a lender to reduce the risk of bank transfer fraud.

(4 marks)

(b)   Describe four types of alternative dispute resolutions (ADR) in a contested civil case in debt collection.   (8 marks)

(c)   Discuss four conditions of sale contained in an export contract.   (8 marks)
(Total: 20 marks)

QUESTION TWO

(a)   Define the following terms as used in non-performing debt recovery:

      (i)   Sub-standard assets.   (2 marks)

      (ii)   Doubtful assets.   (2 marks)

      (iii)   Loss assets.   (2 marks)

(b)   Explain four benefits of Credit Reference Bureau (CRB) to your country.   (8 marks)

(c)   Describe three attributes of a good credit policy.   (6 marks)
(Total: 20 marks)

QUESTION THREE

(a)   Highlight five factors to consider when engaging a debt collector.   (5 marks)

(b)   Explain the following terms as used in credit management:

      (i)   Bid bond.   (2 marks)

      (ii)   Performance bond.   (2 marks)

      (iii)   Counter trade.   (2 marks)

(c)   Identify five benefits of trade credit insurance.   (5 marks)

(d)   Outline four applications of days sales outstanding ratio in an organisation.   (4 marks)
(Total: 20 marks)

QUESTION FOUR

(a)   Discuss five sources of credit information.   (10 marks)

(b)   Highlight five disadvantages of using a guarantee as a source of credit security.   (5 marks)

(c)   Outline five types of risk incurred in credit sales.   (5 marks)
(Total: 20 marks)

QUESTION FIVE

(a)   Explain the following methods of payment:

      (i)   Bank drafts.   (2 marks)

      (ii)   Standing orders.   (2 marks)

      (iii)   Direct debits.   (2 marks)

(b)   Enumerate four costs of credit.   (4 marks)

(c)   Describe three methods of measuring and reviewing the size and quality of accounts receivable.   (6 marks)

(d)   The following is the extract of cash credit account of Victor Traders in the books of Jubilee Bank Ltd:

Date	Balance Sh.
01/07/2015	200,000
25/07/2015	220,000
01/08/2015	240,000
25/08/2015	260,000
01/09/2015	280,000
10/09/2015	300,000
25/09/2015	248,000

Additional information:
1.   Cash credit limit is Sh.300,000.
2.   Rate of interest is 12% per annum.
3.   Assume that the number of days in a year are 360 days.

Required:
Calculate the amount of interest charged by Jubilee Bank Ltd. on the cash credit account of the company for the quarter ended 30 September 2015.   (4 marks)

(Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

FRIDAY: 20 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)   (i)   Explain the term "debt compromise".   (2 marks)

       (ii)   Describe three situations when a debt could be compromised.   (6 marks)

(b)   Analyse four attributes of a good online payment system.   (8 marks)

(c)   Propose four ways of improving individual creditworthiness through the social media.   (4 marks)
                          (Total: 20 marks)

QUESTION TWO
(a)   Explain the following types of credit inquiries:

       (i)   Hard inquiries.   (2 marks)

       (ii)   Account review inquiries.   (2 marks)

       (iii)   Promotional inquiries.   (2 marks)

(b)   Summarise six functions of a credit application form.   (6 marks)

(c)   Outline eight collection tools that could be used by credit department staff to enhance their collection effort.   (8 marks)
                          (Total: 20 marks)

QUESTION THREE
(a)   Describe the four steps of risk assessment in a credit department.   (8 marks)

(b)   Explain the following modes of payment as used in export trade:

       (i)   Sight draft.   (2 marks)

       (ii)   Open account trading.   (2 marks)

       (iii)   On consignment.   (2 marks)

(c)   Discuss three types of credit insurance guarantee.   (6 marks)
                          (Total: 20 marks)

QUESTION FOUR
(a)   Outline four benefits of debt consolidation to the borrower.   (4 marks)

(b)   Highlight the content of a letter of instructions to sue.   (5 marks)

(c)   Explain three advantages of financial statement analysis to a lender.   (6 marks)

(d)   Describe five causes of credit default.   (5 marks)
                          (Total: 20 marks)

QUESTION FIVE

(a) Enumerate four ways a credit manager could utilise to encourage timely payment of debt. (4 marks)

(b) Explain three sources of public information used in customer credit assessment. (6 marks)

(c) Discuss three types of evidence that could be produced by the parties in a contested case in debt recovery. (6 marks)

(d) Describe four factors that could affect the credit decision making process. (4 marks)

(Total: 20 marks)

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CCP PART I SECTION 1

CREDIT MANAGEMENT

PILOT PAPER

September 2015.   Time Allowed: 3 hours.

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

QUESTION ONE
(a) (i)   Argue cases for third party collection agencies over litigation of debts in debt collection.   (6 marks)

     (ii) Summarise three factors considered when evaluating the performance of a debt collection agency.   (6 marks)

(b) Highlight four reports utilised by the credit department in evaluating its performance.   (4 marks)

(c) Differentiate between "consumer credit" and "trade credit".   (4 marks)
                                                                                                        (Total: 20 marks)

QUESTION TWO
(a) (i)   Outline two main purpose of a credit policy in an organisation.   (2 marks)

     (ii) Distinguish between the terms "conservative credit policy" and "liberal credit policy".   (4 marks)

(b) Suggest five justifications for a robust information management system in the credit department.   (5 marks)

(c) (i)   List any five sources of information for the assessment of credit risks.   (5 marks)

     (ii) Explain four ways in which an organisation could use discounts in managing collections for imported cash flow.
                                                                                                              (4 marks)
                                                                                                        (Total: 20 marks)

QUESTION THREE
(a) Your country has recently rolled out a credit information sharing initiative (KCISI) encouraging providers of credit to share their customers' information with a view of minimising information asymmetry in lending.

     With reference to the above statement:

     (i)   Explain the meaning of "credit information sharing".   (3 marks)

     (ii)   Discuss the necessity of credit information sharing.   (4 marks)

     (iii) Highlight the contents of a credit report.   (5 marks)

(b) (i)   Analyse three measures that a credit manager could take to ensure customers' compliance with terms of trade in trade credit.   (3 marks)

     (ii) State five factors to consider when setting terms of trade.   (5 marks)
                                                                                                        (Total: 20 marks)

QUESTION FOUR
(a) Discuss "CAMPARI" as used in credit analysis.   (14 marks)

(b) (i)   Identify any three consumer loan products.   (3 marks)

     (ii) In relation to consumer credit and customer referencing, outline three types of reports that could be obtained from a credit reference bureau.   (3 marks)
                                                                                                        (Total: 20 marks)

QUESTION FIVE

(a)   Collateral is the lenders' fallback position upon a borrower's default.

In relation to the above statement, discuss the common types of collateral for loans.   (10 marks)

(b)   The sales ledger, an important record in the management of credits, displays the transactions made in a customer's account.

Required:
Summarise ten uses of the sales ledger in an organisation.   (10 marks)
(Total: 20 marks)

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