

# Specification of Competency Standards for the Retail Banking

## Unit of Competency

### **Credit Management > 3.1 Credit Strategy, Policy and Procedure Development**

Title	Formulate the overall credit strategy for retail banking
Code	107362L6
Range	Define the bank's approach in issuing credit
Level	6
Credit	4
Competency	<p>Performance Requirements</p> <ol style="list-style-type: none"> <li>1. Conduct research on credit strategies <ul style="list-style-type: none"> <li>Be able to: <ul style="list-style-type: none"> <li>• Conduct research on trends and development in the economy in order to anticipate the risks and demands in the market</li> <li>• Evaluate different approaches in credit strategy and their performance under different scenarios in order to choose an approach which is aligned with the bank's overall strategies</li> </ul> </li> </ul> </li> <li>2. Determine fundamental principles in credit management and credit risk control <ul style="list-style-type: none"> <li>Be able to: <ul style="list-style-type: none"> <li>• Define target markets, risk acceptance criteria, credit approval authority, credit maintenance procedures and guidelines for management decision on credit strategy development to balance between profitability and risks control</li> <li>• Set up process to measure, control and manage potential credit risk exposures across the bank both on intrinsic level and portfolio level within the set limits</li> <li>• Ensure the policies and measures developed can compile with relevant laws and regulations</li> <li>• Analyse the credit policies of the bank and the alignment with business strategies in order to make decision on the approval of credit applications</li> <li>• Analyse different procedures and requirements of credit approval in order to oversee the work of credit assessment performed by relevant parties and evaluate their conclusions / recommendations</li> <li>• Develop methodologies for collateral valuation, credit line limits adjustment, customer indebtedness assessment, credit scorecard cut-offs and authorization limits determination</li> </ul> </li> </ul> </li> <li>3. Review and update credit strategy <ul style="list-style-type: none"> <li>Be able to: <ul style="list-style-type: none"> <li>• Review frequently to benchmark with best practices in the banking industry for upholding the bank's credit risk management to a high standard</li> <li>• Review and modify prevailing credit strategy according to current trends in the market and banking industry</li> <li>• Review credit policies in response to regulatory change and change in economic climate</li> </ul> </li> </ul> </li> </ol>
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Formulation of overall credit strategy in retail banking for the whole bank. The strategy should be based on research on future economic development and strategies of the bank in order to strike a balance between profitability and risks control. Moreover, the strategy should be able to comply to regulatory requirements</li> </ul>
Remark	