

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 3. General Enterprise Banking Credit Management
 (Key Function – 3.1 Credit Strategies, Policies and Procedures Development)

Title	Formulate the overall credit risk management policies, procedures and methodologies
Code	109248L6
Range	Establishment of bank-wide credit risk management policies procedures and methodologies to provide clear guidance on what risk / reward relationship is acceptable to the bank. This applies to different procedures of the entire credit processes, such as risk assessment, credit approval, problem loan management, etc.
Level	6
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Possess knowledge in economic analysis and conduct research on trends and development in the global economy and regional market in order to anticipate the outlook of the banking industry; • Demonstrate credit risk management knowledge by evaluating performance of using various approaches of developing credit risk management policies and procedures under different scenarios; • Understand the bank’s business requirements and apply the knowledge to choose a suitable approach of developing credit risk management policies which is in alignment with the bank’s overall strategies; • Have an in depth understanding of global and local banking regulations and take them as key reference on the formulation of credit risk management policies, procedures and guidelines development as appropriate (e.g. provision of the Banking Ordinance, Basel Committee on Banking Supervision, HKMA Supervisory Policy Manual, etc.). <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Determine the credit culture of the bank and strike a balance between growth, asset quality and profit; • Develop the earning objectives and strike a balance between risk and reward to ensure sufficient credit risk control and latitude in responding to business opportunities; • Define standards on the procedures for every process in credit management, e.g. assessment, approval, administration, monitoring and handling problem accounts, etc.; • Formulate credit risk management methodologies which is in alignment with the bank’s overall credit management strategies. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Review and revise the policies, procedures and methodologies timely and periodically to accommodate with the changing market environment and strategic direction of the bank; • Update the credit risk management policies and procedures in accordance with changes in global and local regulations (e.g. Basel and HKMA rules).
Assessment Criteria	The integral outcome requirements of this UoC are:

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	<ul style="list-style-type: none">• Provision of a written statement of the bank's credit risk strategy and policy based on research on future economic development and strategies of the bank in order to strike a balance between profitability and risks control;• Development of credit management policies with processing procedures which are in compliance with regulatory requirements;• Provision of recommendations on revising credit policies and procedures of the bank based on analysis of market environment, strategic direction of the bank and changes in regulation, etc.
Remark	