

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	Develop procedures in credit approval
Code	109251L5
Range	Specification of bank-wide credit assessment and approval procedures for different kinds of loan products. This applies to approval on granting of new credits, extensions of existing credits and approving exceptions, etc.
Level	5
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"> • Understand theories and concepts related to enterprise banking lending in order to evaluate the eligibility of applicants; • Understand credit strategies of the bank in order to select the most appropriate methods in loan approval; • Demonstrate knowledge in different loan products offered by the bank by assessing and comparing the features of them in order to develop standards in judging clients' suitability; • Demonstrate proficient knowledge in regulatory requirements related to risk management in order to develop procedures related to credit approval. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Define the process for granting credit, e.g. conducting analysis on borrower, loan purpose, structure of credit facility, source of repayment, etc.; • Develop standards for analysis related to the credit-granting process to ensure the quality and comprehensiveness of credit analysis; • Define approval criteria such as documentation and information required from applicants for the credit approval process; • Establish reporting system for approval of exceptions (e.g. temporary excesses or approval for deviation on standard credit policies, etc.) and specify information to be submitted for management to review the cases; • Establish the responsibilities of different parties (e.g. Credit Committee, individual credit officer) involved in the lending process. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Develop a reliable monitory system to ensure appropriate delegation by considering credit experience and expertise of each individual; • Conduct independent audits on the credit approval function to review effectiveness of the procedures and make necessary enhancement; • Conduct regular review on credit authority delegation and make necessary enhancement to ensure it remains appropriate to current economic conditions and the bank's strategies.
Assessment Criteria	The integral outcome requirements of this UoC are:

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	<ul style="list-style-type: none">• Development of procedures on credit approval with detailed specification of requirements and roles of each procedural step. These are supported by analysis on the features of loan products and credit strategies of the bank;• Recommendation of enhancements on credit approval procedures based on analysis on existing performance, the changing economic conditions and bank's strategies.
Remark	