

Specification of Competency Standards
for the Banking Industry
Unit of Competency

Functional Area - 3. General Enterprise Banking Credit Management
(Key Function – 3.2 Credit Acquisition)

Title	Determine approval or rejection on credit applications
Code	109255L5
Range	Making the final decision on loan applications (decline, approve or approve with conditions). This applies to loan applications for different kinds of loan for enterprise banking clients.
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"> • Familiarize with theories and concepts related to corporate finance and loans related to enterprise banking in order to evaluate the eligibility of applicants; • Understand the loan assessment processes and apply the knowledge to evaluate factors affecting default risks and assess the impact on loan applications; • Possess product knowledge and compare the features of different loan products offered by the bank in order to judge their suitability for different customer needs. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Conduct comprehensive evaluation on business information of the applicants in order to interpret the results of preliminary risks assessments and identify areas which warrant further clarification; • Analyse relevant information to evaluate the estimation on repayment ability and default probability of the applicants; • Review and evaluate the suitability of loan products by analysing the features of the products against applicants' financing needs and affordability; • Review the collateral valuation report and take the results into consideration when making decision on approval; • Recommend the loan approval or rejection decision according to bank's lending criteria and provide justification. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Make effort to ensure the approval or rejection decisions are coherent and supportive to the bank's value, strategic plan and changing business needs; • Upkeep the professional ethical standards of a banking practitioner during the process of loan applications assessment; • Review draft agreements and modify the terms and conditions (e.g. loan term, interest rate, repayment schedule, etc.) if necessary.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Decision on the loan approval or rejection which specify the rationale, terms and conditions on the approved loan; • Judgement on loan approval or rejection is supported by comprehensive analysis on the business outlook, repayment abilities of the applicants and estimated risks to the bank.
Remark	