

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	Evaluate the performance of credit acquisition and make suggestions
Code	109258L5
Range	Evaluating revenue obtained from credit business and make suggestions on improving credit acquisition strategies. This applies to different kinds of credit products and services provided by the bank.
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 the technical knowhow of credit acquisition and apply the knowledge to evaluate the formula in calculating revenue to ensure the existing approach can provide an accurate and comprehensive calculation; • Understand the key factors which might affect the revenue from credit acquisition and apply the knowledge to execute a fair and unbiased evaluation on the performance of the bank's credit business. <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Evaluate the performance of credit business and identify factors affecting the performance; • Estimate cost and revenue associated with different credit acquisition; • Compare the results with the performance in other time periods and conclude on the effectiveness and profitability of the credit business after considering the business and economic situations; • Analyse the hit rate on credit acquisition and calculate the success rate on different types of business (e.g. credit products, clients' segment); • Analyse failed cases in credit acquisition and conduct relevant analysis (e.g. competitor analysis) to identify the causes. <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> • Evaluate different approaches for pricing and select the most optimal one after analysing the performance of credit business; • Conduct pricing comparison with other banks so as to recommend a competitive offer; • Determine the optimal levels of and standards for credit limits, risk cut-offs, collection actions to balance profitability and risk; • Develop alternatives to balance income potential with sufficient credit loss reserve levels.
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> • Evaluation on the profitability of credit acquisitions based on the revenue and factors affecting the credit business; • Recommendation on measures for improving credit business based on the results of credit performance evaluation.

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Remark	
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