

Level 2 & 3 Credit Management (Trade Export & Consumer)

Indicative content

NOTE : Whilst not exhaustive this document provides an illustration of topics and themes in this unit.

1.	<ul style="list-style-type: none"> • Provision of credit. • Control of credit. • Differences and features of trade, export and consumer credit. • Working capital. • Impact of offering credit.
2.	<ul style="list-style-type: none"> • How the credit function fits into the overall organisation of a company. • Functions and structure of a credit department. • The relationships of a credit department with other departments. • Key measures of credit department performance and target setting. • The role of the credit manager and the qualities you would expect them to possess. • Value of good customer service and how this can be achieved in a credit department.
3.	<ul style="list-style-type: none"> • Relevant characteristics of individuals, sole traders, partnerships, limited companies and other types of customer. • Financial advantages and disadvantages of granting credit to different types of customers. • Anti-discrimination legislation. • Key provisions of the Consumer Credit Act and Data Protection Act. • Main features of credit arrangements, including HP, credit sale, credit cards, mortgages and credit unions. • Appropriateness of various types of credit agreements in a range of circumstances. • Advantages and disadvantages of credit agreements to the credit supplier and the customer.
4.	<ul style="list-style-type: none"> • Features of different payment terms and methods of payment. • Advantages and disadvantages of offering discount for early payment and charging interest on overdue accounts. • Importance of initial and continuous risk assessment and control. • Sources and value of information available to assess applications for trade, export and consumer credit. • Purpose and operation of a risk category system. • Calculation and use of credit limits. • Use of credit scoring for the processing of consumer credit application. • How credit insurance and CPI works. • The key provisions of Money Laundering Regulations. • Sources of finance.

5.	<ul style="list-style-type: none"> • The purpose and features of credit application forms, invoices, credit notes, statements and other documents for trade, export and consumer credit. • Meaning and purpose of various INCOTERMS used in export. • The content and purpose of a customer master file. • Principal features of a sales ledger system. • Computerised systems and the benefit to the credit management function.
6	<ul style="list-style-type: none"> • Techniques necessary for effective collection letters and telephone collection work. • Advantages and disadvantages of methods of collection activity. • Use of predictive dialing in the collection process. • Methods for dealing effectively with queries and non-payment effectively. • Circumstances for withholding supplies or services. • Basic steps for debt recovery in the High and County Courts • Advantages and disadvantages of using third parties. • Methods for evaluating a third party before entering into a service agreement. • Involvement and role of third-party debt advisors in consumer credit matters. • Legislation relating to the harassment of debtors.

Assessment - One-hour online examination involving 60 multiple choice questions.