



Moderator's Assignment Feedback – Advanced Credit Risk Management

After each series, we ask our moderators to provide a report on each assignment-based unit to identify:

- Any questions which were usually answered particularly well, including main points and qualities that characterised good answers.
- Any questions which were usually answered badly and main weaknesses in candidates' answers.
- Common errors or misconceptions made by candidates.

We hope that this will be of assistance when completing your Advanced Credit Risk Management assignment.

General feedback to candidates

Candidates need to keep referring to the question stem and ask themselves the question of 'am I answering the question being asked?' to ensure that they answer the question in the task.

The question is about credit risk and not about risk as a generalisation. It asks for credit risk forms, models, assessment and controls and gives some suggestions of items for consideration. This is reliable information that should be the bedrock of where the candidate should begin their search.

It is a real skill to be able to write concisely and keep within the word count. Candidates are advised to check their answers are relevant and appropriate, for instance, repeating the subject matter in all questions is not required.

Candidates should ensure that they answer the tasks as fully as possible to ensure there is enough information for assessors to award marks that can lead to a Level 5 pass grade.

Feedback for each assignment question

Task1. Essay: Evaluate the validity of a variety of credit risk forms, models, assessment methods and controls. Consider their impact on your stakeholders.

T1 – This task is generally well answered with better responses showing a range of credit risk forms and methods. Candidates who use theoretical research to demonstrate understanding in the context of their organisation fare best. In contrast, candidates who focus only on the theory to the exclusion of workplace context, or who give basic workplace examples without supported theory, do not do as well. Candidates should also clearly demonstrate consideration of the impact to the stakeholders.

Task 2. Demonstrate how to assess credit risk. Use case studies to evidence your practical ability to make credit risk decisions through the assessment of financial and non-financial information.

T2 – Candidates sometimes fail to demonstrate in a practical way, how they were able to assess credit risk for themselves. Answers should comprehensively cover how to **use** financial measures to assess risk and include the review of non-financial information. Candidates should use appendices as an opportunity to evidence their abilities. Good answers took examples of specific customers, actual or potential, and applied their knowledge of credit assessment by analysing the credit worthiness of these specific customers.

Task 3- Write a report that assesses the existing credit risk management of your¹ department and recommend improvements as a result of your evaluation. Complete the Credit Risk Assessment Form template that follows, to support your report.

T3 – It is important that the template is accurately completed for this task. If the template is not completed properly and placed in a report format as required will not be able to provide a clear insight for the audience into area for recommendations and improvement. Candidates can gain higher marks where answers develop into recommendations from the ideas stage and potential action points by measuring viability. Candidates should consider aspects such as impact, monitoring and contingencies.

¹ You may use the department you work in or a case study of your choosing if you prefer