

CERTIFICATE IN COMMERCIAL LENDING

DEVELOP YOUR KNOWLEDGE , UNDERSTANDING

AND SKILLS RELATING TO THE COMMERCIAL

LENDING ENVIRONMENT IN A DIGITAL AGE

Level: SCQF Level 9/EQF Level 5/6

Credits: 30

Qualification to which module contributes:

- *Certificate in Commercial Lending*
- *Advanced Diploma in Banking and Leadership in a Digital Age*
- *Associate Chartered Banker Diploma*



Module Version 1

AUDIENCE:

Current or aspiring bank employees; although not essential, prior banking qualifications, for example the Institute's Professional Banker Certificate and Professional Banker Diploma, would be an advantage, as would knowledge of formal academic methods.

AIM:

To develop the learner's knowledge, understanding and skills relating to the commercial lending environment in a digital age, considering the key drivers of change, the challenges faced, and the impact on banks and customers of technological developments and regulatory changes. The learner will develop their ability to build trust-based relationships with customers, appraise the creditworthiness of a business, and propose suitable funding solutions to meet customers' needs in a competitive marketplace.

LEARNING OUTCOMES:

On completion of this module, the learner will be able to:

1. differentiate between a range of commercial lending customer types and their funding needs
2. develop a robust relationship management strategy for a variety of bank customer segments
3. identify a range of financial and non-financial information that could be used to assess a business and the key risks inherent in a customer lending proposition

4. appraise the strategy, performance and creditworthiness of a business, taking current and expected economic, market and sector factors into consideration
5. develop suitable funding solutions, including appropriate conditions, security and covenants, that mitigate risk and meet the needs of both the customer and the bank
6. consider a range of legal, regulatory and ethical factors that can influence options for funding.

DELIVERY METHODOLOGY:

Commercial Lending has six units. The learning approach includes:

- reading and self-study
- self-assessment and reflective activities
- case studies
- online discussion forums
- online knowledge checks at the end of each unit
- applying learning at work
- reviewing and reflecting on current practice
- creating a personal development plan to develop the learner's
- skills and further enhance their professional practice.

LEARNING RESOURCES:

Learning resources include:

- an interactive study guide in pdf format
- text books and online resources for core reading
- recommended further reading and resources.

ASSESSMENT:

Commercial Lending is assessed by a 6,000 word work-based assignment designed to transform theory into practice and ensure a close fit between professional qualification and business need. Completing the assignment will enable the learner to demonstrate their achievement of the module learning outcomes, as well as their understanding of banking in a digital age and their application of professional values and behaviours.

Formative assessment is provided in the form of online objective testing at the end of each unit.

Module Version 1 (Cont'd.)

UNIT 1: THE COMMERCIAL LENDING ENVIRONMENT

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>LO1: Differentiate between a range of commercial lending customer types and their funding needs.</p>	<p>1.1 Examine the evolution of the commercial lending environment and the impact of external trends and influences.</p> <p>1.2 Assess the different types of commercial customers as legal entities operating in different sectors and with different borrowing needs.</p> <p>1.3 Analyse the different life cycle stages of typical commercial lending customers.</p> <p>1.4 Analyse the core reasons for borrowing and how commercial banking teams satisfy those needs.</p> <p>1.5 Assess the impact of changing customer demand on the commercial lending marketplace.</p>	<p>The commercial lending environment and the impact of digitisation on channel delivery</p> <p>Legal entities Specialist sectors</p> <p>Commercial customer life cycle stages Reasons for borrowing/funding needs</p> <p>Challenger banks: impact on the commercial banking environment</p> <p>External trends and influences</p> <p>Commercial lending digital automation</p>

Module Version 1 (Cont'd.)

UNIT 2: RELATIONSHIP MANAGEMENT

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>LO2: Develop a robust relationship management strategy for a variety of bank customer segments.</p>	<p>2.1 Examine the role of the commercial banking relationship manager and assess the extent to which a relationship manager can create value for both bank and customer.</p> <p>2.2 Identify a range of commercial customer segments.</p> <p>2.3 Develop relationship management strategies for acquiring and retaining commercial customers to maintain competitive advantage.</p> <p>2.4 Assess different ways of engaging with a diverse range of stakeholders.</p> <p>2.5 Consider ways of measuring the success of a commercial relationship manager.</p>	<p>The role of the commercial lending manager Customer acquisition and retention</p> <p>Competitive advantage: adding value as a trusted advisor</p> <p>Engaging with stakeholders and building networks</p> <p>Impact of technology on networking</p> <p>Customer segmentation and portfolio management</p> <p>Measuring success</p>

Module Version 1 (Cont'd.)

UNIT 3: SOURCES OF INFORMATION

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>LO3: Identify a range of financial and non- financial information that could be used to assess a business and the key risks inherent in a customer lending proposition.</p>	<p>3.1 Assess different types of financial information used to assess the performance and creditworthiness of businesses.</p> <p>3.2 Identify the various annual statements and accounting policies that businesses have to adhere to.</p> <p>3.3 Assess the different types of non-financial information that can be used to aid understanding of business risk and capability.</p> <p>3.4 Identify the key areas of focus when assessing the management capabilities of commercial customers.</p>	<p>Types of financial information</p> <p>Annual statements and accounting policies</p> <p>Types of non-financial information</p> <p>External information used in credit assessment</p>

Module Version 1 (Cont'd.)

UNIT 4: BUSINESS ANALYSIS AND FINANCIAL ACCOUNTING

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>LO4: Appraise the strategy, performance and creditworthiness of a business, taking current and expected economic, market and sector factors into consideration.</p>	<p>4.1 Assess both financial and non-financial information when looking at the risks within a customer lending proposition.</p> <p>4.2 Use a range of tools to help identify suitable non-financial information.</p> <p>4.3 Identify the various internal and external influences that impact a customer's lending proposal.</p> <p>4.4 Assess why cash flow is critical in sustaining day to day business operations.</p> <p>4.5 Identify the causes of commercial customer financial difficulty and the remedies available.</p> <p>4.6 Use key financial ratios and assess the ways in which they support trend analysis.</p>	<p>Analysis of financial and non-financial information</p> <p>Using strategic tools to understand customers</p> <p>External influences and internal impacts</p> <p>Cash flow analysis</p> <p>Financial ratios</p> <p>Customers in financial difficulty</p>

Module Version 1 (Cont'd.)

UNIT 5: FUNDING SOLUTIONS

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>LO5: Develop suitable funding solutions, including appropriate conditions, security and covenants, that mitigate risk and meet the needs of both the customer and the bank.</p>	<p>5.1 Assess a range of commercial lending products and services and how they can support the development of appropriate funding solutions.</p> <p>5.2 Identify different funding solutions and how they can support the needs of different commercial banking customers.</p> <p>5.3 Assess the different types of security that can be considered by banks and their effectiveness in mitigating risk.</p> <p>5.4 Assess the different types of covenants and how they may be effectively used to identify early warning signs of financial distress.</p> <p>5.5 Recognise the key legal principles relating to the banker-customer relationship.</p>	<p>Alternative sources of funding Types of security Covenants</p> <p>Key legal principles relating to the banker-customer relationship</p>

Module Version 1 (Cont'd.)

UNIT 6: LEGISLATION, REGULATION AND ETHICS

Learning outcomes	Assessment criteria	Indicative content
<p>The learner will be able to:</p>	<p>The learner can:</p>	
<p>LO6: Consider a range of legal, regulatory and ethical factors that can influence options for funding.</p>	<p>6.1 Examine the role of the regulators in influencing conduct and culture in commercial banking.</p> <p>6.2 Assess the legal and ethical requirements of knowing your customers and treating them fairly when satisfying their financial needs.</p> <p>6.3 Assess the implications of knowing your customer, treating customers fairly, and data protection for commercial relationship managers and their customers.</p> <p>6.4 Assess the standards for commercial lending practice and the impact on the role of commercial lending managers.</p>	<p>The role of the regulators Knowing your customer Treating customers fairly Data protection Standards for business lending practice Culture and conduct</p>

Drumsheugh House

38B Drumsheugh Gardens
Edinburgh
EH3 7SW

Telephone: 0131 473 7777

Email: info@charteredbanker.com

Web: www.charteredbanker.com

London office:

2nd Floor, Bengal Wing
9A Devonshire Square
London
EC2M 4YN

Chartered Banker Institute, Charitable Body No. SC013927.

