



MANAGING THE PROVISION OF LOANS TO BUSINESSES AND CONSUMERS

INSTITUTE FOR PROFESSIONAL AND EXECUTIVE DEVELOPMENT

United Kingdom

UNIT SPECIFICATION

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Unit Title

Managing the Provision of Loans to Businesses and Consumers

Credit value

The credit value for this unit is 30

30 credits equivalent to 300 hours of teaching and learning
(10 hours is equivalent to 1 credit)

Guided learning hours (GLH) = 50 hours

GLH includes lectures, tutorials and supervised study. This may vary to suit the needs and requirements of the learner and/or the approved centre of study.

Directed learning = 50 hours: This includes advance reading and preparation, group study, and undertaking research tasks.

Self-managed learning = 200 hours: This includes completing assignments and working through the core and additional reading texts. It also includes personal research reading via other physical and/or electronic resources.

Learning outcome Learner will:	Assessment criteria Learner can:
1.0 Understand the different types of loans that exist in the financial services industry	1.1 Explain what is meant by a loan with respect to financial services management 1.2 Differentiate between real estate loans, financial institution loans, agricultural loans, commercial and industrial loans and consumer loans
2.0 Understand the factors that influence the growth and mix of loans held by a lending institution	2.1 Critically examine the key factors that shape an individual lender's loan portfolio 2.2 Differentiate between a wholesale lender and a retail lender
3.0 Understand the significance of establishing a good written loan policy	3.1 Explain why a lending institution should establish a written loan policy 3.2 Critically examine the elements of a well-written loan policy
4.0 Understand how loans that are provided to consumers by a lending institution can be effectively managed	4.1 Critically examine the steps in the lending process and evaluate their importance to the lending institution 4.2 Critically analyse how the borrower's creditworthiness can be established prior to lending 4.3 Critically analyse how the loan agreement can be properly structured and documented 4.4 Critically analyse how a consumer loan application can be evaluated 4.5 Critically analyse how the lender can perfect its claim against the borrower's earning and any assets that may be pledged as collateral 4.6 Critically examine the sources of information that can be used in

<p>5.0 Understand how loans that are provided to businesses can be effectively managed by the lending institution</p>	<p>loan analysis and evaluation by lenders and loans committees</p> <p>4.6 Critically analyse the parts of a typical loan agreement</p> <p>4.7 Critically examine the significance of loan reviews and loan workouts to the lending institution</p> <p>5.1 Critically examine the different types of short-term and long-term loans available to business firms.</p> <p>5.2 Critically evaluate how a business loan application can be analysed with respect to the following:</p> <ul style="list-style-type: none"> - The business customer's control over expenses - Operating efficiency - Marketability of the customer's product/service - Coverage ratios - Liquidity indicators - Profitability indicators - Financial leverage factor <p>5.3 Critically examine how business loans are priced using the following methods:</p> <ul style="list-style-type: none"> - Cost-plus loan pricing method - Price leadership model - Below-Prime market pricing - Customer Profitability Analysis (CPA) <p>5.4 Critically evaluate the responsibility of the loan officer in the lending institution</p>
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6.0 Understand the nature of real estate loans	6.1 Describe what makes real estate loans different from other types of loans 6.2 Critically examine how real estate loan applications are evaluated
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Recommended learning resources

Indicative reading	<p>Timothy Koch 2009; Bank management, 7th edition. South Western College ISBN: 978-0324655780</p> <ul style="list-style-type: none">• For a full list of textbooks and publications relevant to this unit, please contact IPED - UK.
Learning Aid	<ul style="list-style-type: none">• A comprehensive IPED study material is available to aid in learning and research of this unit.• We supply IPED course materials free of charge. Our study materials, which offer quick learning start, are comprehensive, use simple English, and are easy to read and understand. The contents are so sufficient and self-explanatory; that in majority of cases readers do not require further support; although support is always available when you need it.