

Retail Credit Certificate

Banking Operations



8460-1



In-Class



100 hours



EGP 29,500

Certificate Description:

By the end of the course, participants will be equipped with knowledge, frameworks, and strategic insights to navigate the rapidly changing retail credit banking landscape and possess industry-recognized skills to advance in roles related to retail credit, banking, or financial services. Establish a solid foundation for pursuing leadership roles or specialized positions in credit management.

Target Audience:

- Credit Analysts: Individuals responsible for assessing the creditworthiness of retail clients.
- Loan Officers: Professionals involved in evaluating, approving, or rejecting retail credit applications.
- Relationship Managers: Bank employees managing customer relationships in retail banking.
- Risk Management Teams: Professionals focused on identifying and mitigating credit risks.

Certificate Objectives:

- Understand Retail Credit Fundamentals.
- Assess Creditworthiness.
- Navigate Legal and Regulatory Frameworks.
- Master the Loan Lifecycle Process.
- Mitigate Credit Risk Effectively.
- Manage Delinquencies and Recoveries.
- Leverage Technology in Retail Credit.
- Applying Knowledge in Real-World Scenarios.
- Prepare for Industry Challenges.
- Earn Professional Recognition.

Certificate Outline

Module 1: Introduction to Retail Banking and Credit

- Definition and Scope of Retail Banking:
 - Overview of retail banking products and services.
 - Key differences between retail and corporate banking.

• Understanding Credit in Retail Banking:

- Definition of credit and its role in retail banking.
- Importance of credit in economic growth.

• Types of Retail Banking Credit Products:

- Personal loans, credit cards, mortgages, auto loans, etc.

Module 2: Retail Credit Risk Management

• Introduction to Credit Risk Management in Retail Banking:

- Definition and importance of credit risk management.
- Unique characteristics of credit risk in retail lending compared to corporate lending.

• Types of Risks in Retail Credit:

- Credit default risk.
- Concentration risk.
- Collateral risk.
- Operational and Reputational Risks.

• Key Components of Retail Credit Risk Management:

- Identification of potential risks in retail credit portfolios
- Measurement and quantification of risks using statistical and analytical models
- Monitoring and reporting of credit risk metrics

• Credit Risk Assessment Frameworks:

- Internal credit scoring models.
- Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) models.

• Risk Mitigation Techniques:

- Diversification of retail loan portfolios.
- Use of collateral and guarantees.
- Credit insurance and securitization.

• Regulatory Requirements and Compliance:

- Adhering to Basel norms and local regulatory standards.
- Reporting obligations related to credit risk exposure.

• Case Studies and Best Practices:

- Examples of effective credit risk management strategies in retail banking.
- Lessons learned from historical credit crises.

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Module 3: Retail Credit Cycle

- Introduction to the Retail Credit Cycle:
 - Definition and importance of the credit cycle in retail banking.
 - Risk Sector Roles.
 - Phases of the retail credit lifecycle and their interdependencies.
- Phase 1: Loan Origination:
 - Customer acquisition and onboarding.
 - Marketing and cross-selling of retail credit products.
 - Pre-screening and initial eligibility checks.
- Phase 2: Credit Appraisal and Underwriting:
 - Detailed credit analysis and risk assessment.
 - Verification of borrower information (income, credit history, collateral).
 - Credit scoring models and decision-making processes.
- Phase 3: Loan Approval and Disbursement:
 - Documentation and agreements (loan contracts, collateral registration)
 - Approval workflows (manual vs. automated systems)
 - Disbursement methods and timelines.
- Phase 4: Loan Monitoring and Servicing:
 - Monitoring borrower compliance with repayment schedules
 - Account maintenance and customer relationship management.
 - Use of technology for real-time monitoring
- Feedback Loop in the Credit Cycle:
 - Insights from past credit cycles to improve future processes.
 - Data-driven refinements in credit policies and risk models
- Key Performance Indicators (KPIs) in the Credit Cycle:
 - Metrics for monitoring efficiency and effectiveness (e.g., approval rates, turnaround times, delinquency rates)
 - Role of analytics in optimizing the credit cycle
- Technology in Managing the Credit Cycle:
 - Digital platforms for seamless credit cycle management
 - Automation and AI in credit decision-making and monitoring
- Case Studies and Real-World Applications:
 - Examples of successful credit cycle management
 - Lessons from credit cycle disruptions (e.g., financial crises, pandemics)

Module 4: Credit Analysis and Scoring Techniques

- Introduction to Credit Analysis:
 - Purpose and importance of credit analysis in retail lending.
 - Distinction between qualitative and quantitative credit analysis.
- Financial Analysis for Retail Borrowers:
 - Income, expenses, savings, and debt analysis.
- Creditworthiness Evaluation:
 - Credit assessment scope & steps.
 - Evaluating credit history and repayment capacity.
- Key Credit Scoring Models:
 - Types of credit scoring models.
 - Traditional scoring systems (e.g., FICO, Vantage Score).
 - Custom scoring models for specific retail segments.
- Components of Credit Scoring:
 - How to build credit scoring models?
 - Factors influencing credit scores (e.g., payment history, credit utilization, length of credit history).
 - Weightage assigned to several factors.
- Techniques in Credit Analysis:
 - Behavioral analysis: past repayment patterns and account behavior
 - Financial ratio analysis: debt-to-income ratio, current ratio, etc.
- Advanced Credit Scoring Techniques:
 - Machine Learning (ML) and Artificial Intelligence (AI)-based models.
 - Alternative credit scoring methods (e.g., utility payments, social media behavior).
- Risk-Based Pricing and Scoring:
 - Linking credit scores to interest rates and loan terms.
 - Adjusting pricing based on risk levels.

Module 5: Retail Loan Structuring and Pricing Formulas

- Introduction to Loan Structuring and Pricing:
 - Importance of structuring loans to meet customer needs and risk appetite.
 - Balancing profitability and competitiveness through pricing.
- Components of Loan Structuring:
 - Determining loan amounts, tenure, and repayment frequency.

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- Structuring repayment options: Equated Monthly Installments (EMIs), bullet repayments, step-up/step-down repayments.
- Collateral and security arrangements.
- Interest Rate Structures:
 - Fixed vs. floating interest rates: advantages and limitations.
 - Hybrid interest rate models.
- Key Loan Pricing Elements:
 - Principal amount, interest rate, tenure, and fees (processing fees, late payment penalties, etc.).
 - Margins and spreads: cost of funds, credit risk premium, and operating costs.
- Loan Pricing Formulas and Calculations:
 - Simple Interest Formula.
 - Compound Interest Formula.
 - EMI "Equated Monthly installment" Formula.
 - Loan Amortization Schedule Calculation: Breaking down each EMI into principal and interest components.
- Pricing Models for Specific Loan Products:
 - Mortgage loans, personal loans, and auto loans.
 - Differentiated pricing for secured vs. unsecured loans.
- Practical Examples and Case Studies:
 - Real scenarios illustrating loan structuring and pricing decisions.

Module 6: Technology in Retail Credit & Emerging Trends

- Role of Technology in Retail Credit:
 - Digital transformation in retail lending
 - Streamlining loan origination, underwriting, and disbursement processes
 - Loan approval platforms and digital lending apps.
 - Automated credit scoring & underwriting systems
- Data Analytics and Credit Decision-Making:
 - Leveraging big data for borrower profiling and segmentation.
 - Predictive analytics for risk assessment and customer behavior analysis.
 - Real-time credit monitoring tools

- Blockchain and Retail Credit:
 - Use of blockchain for secure and transparent loan transactions.
 - Smart contracts for loan disbursement and repayments.
- Artificial Intelligence (AI) and Machine Learning (ML):
 - AI-driven chatbots for customer service in credit.
 - ML for fraud detection and enhanced credit scoring.
- Digital Lending Platforms:
 - Peer-to-peer (P2P) lending platforms.
 - Buy Now Pay Later (BNPL) systems.
 - Instant micro-loans and embedded finance solutions.
- Emerging Trends in Retail Credit:
 - Alternative credit scoring methods using non-traditional data (e.g., social media, utility payments).
 - Integration of Environmental, Social, and Governance (ESG) criteria in lending decisions.
 - Open banking and APIs for enhanced customer experience.
- Cybersecurity in Retail Credit:
 - Protecting sensitive customer and transactional data.
 - Mitigating risks of data breaches and fraud.

Module 7: Collection and Recovery Processes & Techniques

- Introduction to Collections and Recovery:
 - Definition and importance of efficient collection and recovery processes.
 - Impact of delinquency and default on bank profitability.
- Stages of the "Collection" Process:
 - Early-stage collections (soft collections).
- Early warning signals for potential defaults.
- Key performance indicators (KPIs) for collections (e.g., Days Past Due, Recovery Rate).
- "Collection" Strategies and Techniques:
 - Customer segmentation for tailored collection approaches.
 - Communication methods: phone calls, emails, SMS, and in-person visits.
 - Negotiation and restructuring of loan terms.

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- Role of Technology in Collections:
 - Automated collection systems and predictive analytics.
 - Real-time tracking and monitoring tools for overdue accounts.
 - Chatbots and digital platforms for customer communication.
- Recovery Techniques:
 - Use of repayment plans and settlements.
 - Legal recovery options: repossession, foreclosure, and garnishment.
 - Role of debt recovery agencies and third-party collectors.
 - Late-stage collections (hard collections and legal recovery).
 - Write-offs and post-write-off recovery.
- Case Studies and Best Practices:
 - Real-world examples of successful collection strategies.

Module 8: Reporting and Provisions Methods

- Importance of Reporting in Retail Credit Management:
 - Role of reporting in decision-making and regulatory compliance.
 - Key stakeholders: internal teams, regulators, and auditors.
- Types of Credit Reports:
 - Internal performance reports: portfolio health, delinquency trends.
 - External reports: regulatory filings, credit bureau submissions.
- Loan Provisions and Reserves:
 - Definition and purpose of provisioning for potential losses.
 - Key terms: Expected Credit Loss (ECL), Loan Loss Provisions (LLP).
- Provisioning Methods and Calculations:
 - General vs. specific provisions
 - Stages of provisioning under IFRS 9 or similar standards.
 - Calculating provisions based on credit risk grades.
- Non-Performing Assets (NPA) Reporting:
 - Classification and reporting of NPAs.
 - Impact of NPAs on financial statements and provisioning.
- Stress Testing and Portfolio Monitoring:
 - Conducting stress tests for credit portfolios.
 - Using analytics to forecast provisioning requirements.

Module 9: Legal Management Aspects in Retail Banking Credit

- Legal Framework Governing Retail Credit:
 - Overview of relevant banking and financial laws.
 - Contract law and its application to loan agreements.
- Loan Documentation and Legal Requirements:
 - Essential loan documentation (e.g., promissory notes, collateral agreements).
 - Ensuring legal enforceability of loan contracts.
- Collateral and Security Management:
 - Types of collateral (fixed assets, movable assets, guarantees).
 - Legal procedures for creating and registering security interests.
- Legal Implications of Loan Defaults:
 - Rights and obligations of lenders and borrowers.
 - Laws governing recovery proceedings (e.g., repossession, foreclosure).
- Debt Recovery and Insolvency:
 - Legal mechanisms for debt recovery (negotiation, arbitration, litigation).
 - Bankruptcy laws and their impact on retail credit.
- Consumer Protection Laws:
 - Compliance with consumer credit protection regulations.
 - Legal remedies are available to customers in case of disputes.
- Data Privacy and Cybersecurity in Retail Lending:
 - Legal aspects of data protection (e.g., GDPR, local laws).
 - Handling sensitive customer data responsibly.

Module 10: Retail Credit Regulatory and Compliance Aspect

- Overview of Regulatory Framework in Retail Credit:
 - The role of central banks and financial regulators in retail credit oversight.
 - Key regulatory bodies and their functions (e.g., Basel Committee, local regulators).
- Laws Governing Retail Credit:
 - Consumer credit protection laws.
 - Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations.
- Know Your Customer (KYC) and Customer Due Diligence (CDD):
 - Importance of KYC in retail credit operations.

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- Consumer Protection and Fair Lending Practices:
 - Regulations ensuring transparency and fairness in loan terms.
 - Prohibition of discriminatory lending practices.
 - Handling consumer grievances and dispute resolution mechanisms.
- Credit Reporting and Credit Bureaus:
 - Role of credit bureaus in retail credit.
 - Compliance with laws regarding credit report accuracy and privacy.
 - Periodic regulatory filings and disclosures.
- Basel Norms and Risk Management in Retail Credit:
 - Basel II, III, and emerging Basel IV requirements for retail lending.
 - Capital adequacy and risk-weighted asset calculations.
- Data Privacy and Security Regulations:
 - Compliance with data protection laws (e.g., GDPR, local privacy laws).
 - Managing customer data securely in digital credit systems.
- Penalties for Non-Compliance:
 - Common penalties for violating retail credit regulations.
 - Examples of regulatory actions against financial institutions.

Assessment Strategy:

Participants will be assessed formally through end-of-module exams.

Certificate Language:

Bilingual

Prerequisites:

Intermediate level of English Language.