



CERTIFIED CREDIT PROFESSIONALS (CCP)

REVISED EXAMINATION SYLLABUS

KNQF LEVEL 7

JUNE 2024

kasneb Towers, Hospital Road, Upper Hill
P.O. Box 41362 - 00100, Nairobi - Kenya
Tel: 254(020) 4923000
Cellphone: 0722-201214/0734-600624

E-mail: info@kasneb.or.ke Website: www.kasneb.or.ke

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BACKGROUND INFORMATION ABOUT kasneb

1.1 Legal Foundation and Status of kasneb

kasneb was established as a state corporation under the National Treasury by the Government of Kenya on 24 July 1969. The establishment and operations of kasneb are governed by the following main Acts:

- (a) The Accountants Act, No. 15 of 2008 (which repealed the Accountants Act, Cap 531 of 1977).
- (b) The Certified Public Secretaries of Kenya Act, Cap 534 of 1988.
- (c) The Investment and Financial Analysts Act, No. 13 of 2015.

1.2 Functions of kasneb

Section 17(1) of the Accountants Act, 2008 of the Laws of Kenya defines the functions of kasneb. These functions are:

- (a) To prepare syllabuses for professional, diploma and certificate examinations in accountancy, company secretarial practice and related disciplines;
- (b) To make rules with respect to such examinations;
- (c) To arrange and conduct examinations and issue certificates to candidates who have satisfied examination requirements;
- (d) To promote recognition of its examinations in foreign countries;
- (e) To investigate and determine cases involving indiscipline by students registered with the Examinations Board;
- (f) To promote and carry out research relating to its examinations;
- (g) To promote the publication of books and other materials relevant to its examinations;
- (h) To liaise with the Ministry of Education, Science and Technology in accreditation of institutions offering training in subjects examinable by the Examinations Board, and
- (i) To do anything incidental or conducive to the performance of any of the preceding functions.

1.3 Professional Institutes/Registration Board for Kasneb graduates

1.3.1 Institute of Certified Public Accountants of Kenya (ICPAK)

ICPAK is established under Section 3 of the Accountants Act, 2008. One of the functions of ICPAK is to advise kasneb on matters relating to examination standards and policies. The Act also makes provisions for the establishment of a Registration and Quality Assurance Committee (Registration Committee) under Section 13. One of the functions of the Registration Committee is to register eligible persons as Certified Public Accountants.

1.3.2 Institute of Certified Secretaries (ICS)

ICS is established under Section 3 of the Certified Public Secretaries of Kenya Act (Cap. 534) of the Laws of Kenya. One of the functions of ICS is to advise kasneb on matters relating to examination standards and policies.

1.3.3 **Registration of Certified Public Secretaries Board (RCPSB)**

RCPSB is established under Section 11 of the Certified Public Secretaries of Kenya Act (Cap. 534) of the Laws of Kenya. One of the functions of RCPSB is to register eligible persons as Certified Secretaries.

1.3.4 **Institute of Certified Investment and Financial Analysts (ICIFA)**

ICIFA is registered under the Investment and Financial Analysts Act, No. 13 of 2015 of the Laws of Kenya. One of the functions of ICIFA is to advise kasneb on matters relating to examination standards and policies. The Act also makes provisions for the establishment of a Registration Committee under Section 13. One of the functions of the Registration Committee is to register eligible persons as Certified Investment and Financial Analysts.

1.3.5 **Institute of Credit Management Kenya [ICM (K)]**

ICM (K) is registered under the Societies Act, (Cap.108) of the Laws of Kenya.

1.4 **Vision, Mission, Mandate and Core Values**

The vision, mission, mandate and core values of kasneb are as follows:

1.4.1 **Vision**

Global leader in examination and certification of business professionals.

1.4.2 **Mission**

Empowering professionals globally by offering quality examinations and undertaking research and innovation.

1.4.3 **Mandate**

The mandate of kasneb is the development of syllabuses; conduct of professional, diploma and certificate examinations and certification of candidates in accountancy, finance, credit, governance and management, information technology and related disciplines; promotion of its qualifications nationally, regionally and internationally and the accreditation of relevant training institutions in liaison with the ministry in charge of education.

1.4.4 **Core Values**

- Integrity
- Professionalism
- Customer focus
- Teamwork
- Innovativeness

2.0 **EXAMINATIONS OF kasneb**

kasneb currently offers the following examinations:

(a) **Vocational certificate courses**

These are short-term, skills-based programmes currently in the areas of entrepreneurship and innovation, graphic design, information and cyber security and block chain technology. The courses are ideal both for fresh high school graduates and established professionals in various areas willing to diversify their knowledge and competencies in the above areas.

The vocational certificate courses are administered in two levels, with each level requiring an average of three months, thus a total of six months.

Entrants with high school certificates will start with Level I which covers basic skills. Other entrants with post-high school qualifications covering the basic skills will enter at Level II.

The minimum entry for the vocational certificates is a KCSE certificate. The courses can be pursued through a tuition-based programme or privately. Tuition-based programmes (physical or virtual classes) are however recommended due to the interactiveness with facilitators and other students which are key in imparting the requisite technical and soft skills.

The examinations will be administered primarily on a computer-based platform.

The details on each of the vocational programmes are summarised below:

(i) **Vocational Certificate in Entrepreneurship and Innovation**

The course imparts basic knowledge, skills, values and attitudes to apply entrepreneurship skills and generate innovative ideas to start and manage a new business or grow an existing entity.

(ii) **Vocational Certificate in Graphic Design**

The course imparts basic knowledge, skills, values and attitudes to generate and enhance graphic designs according to set specifications.

(iii) **Vocational Certificate in Information and Cyber Security**

The course imparts basic knowledge, skills, values and attitudes to identify information and cyber threats and risks and implement programmes to protect information and databses.

(iv) **Vocational Certificate in Blockchain Technology**

The course imparts knowledge, skills, values and attitudes to develop a simple blockchain program and undertake blockchain transactions.

(b) **Certificate in Accounting and Management Skills (CAMS) course**

The course imparts knowledge, skills, values and attitudes to prepare basic accounts and financial statements for a small enterprise or non-complex environment and apply basic management and marketing skills in business.

The course is mainly for persons who wish to qualify and work as entry level accounting and management personnel.

The CAMS course is administered in two levels, with each level requiring an average of six months, thus a total of one year.

The minimum entry requirement is KCSE mean grade D or a vocational certificate.

The course is fully tuition based with requirements for students to sit for continuous assessment tests (CATs), which constitute 15% of the final score for assessment purposes.

The examinations will be administered primarily on a computer-based platform.

(c) **Diploma Courses**

(4)

Kasneb currently administers three diploma programmes; Accounting Technicians Diploma (ATD), Diploma in Data Management and Analytics (DDMA) and Diploma in Computer Networks and Systems Administration (DCNSA).

The diploma courses are administered in two levels, with each level requiring an average of one year, thus a total of two years.

The minimum entry for the diploma courses is KCSE mean grade C-. Persons with certificate and other higher qualifications from recognised institutions are also eligible for entry. The courses can currently be pursued through a tuition-based programme or privately. Tuition-based programmes (physical or virtual classes) are however recommended due to the interactiveness with facilitators and other students which are key in imparting the requisite technical and soft skills.

A summary on each of the diploma programmes is presented below:

(i) **Accounting Technicians Diploma (ATD) course**

The course imparts knowledge, skills, values and attitudes to prepare financial and management accounts and financial statements for small and medium sized enterprises and compute basic taxes for a business.

The course is aimed at persons who wish to qualify and work as middle level accountants providing technical support to professional accountants, auditors, tax practitioners and related areas.

(ii) **Diploma in Data Management and Analytics (DDMA) course**

The course imparts knowledge, skills, values and attitudes to undertake non-complex design of databases, mine and analyse data for decision making.

The DDMA will be administered on a computer-based platform.

(iii) **Diploma in Computer Networks and Systems Administration (DCNSA) course**

The course imparts knowledge, skills, values and attitudes to design, configure, test and secure and manage non-complex networks.

The DCNSA will be administered on a computer based platform.

(d) **Professional Courses**

Kasneb currently administers five professional courses, as summarised below:

- (i) Certified Public Accountants (CPA)
- (ii) Certified Secretaries (CS)
- (iii) Certified Investment and Financial Analysts (CIFA)
- (iv) Certified Credit Professionals (CCP)
- (v) Certified Information Systems Solutions Expert (CISSE)

The professional courses are administered at Foundation, Intermediate and Advanced Levels. Each level requires an average of one year, though candidates are advised to provide for an additional one year to meet requirements for internship/practical experience

The minimum entry requirement for the professional courses is KCSE mean grade C+. Persons with diplomas or other higher-level qualifications from recognised institutions are also eligible for entry. The courses can be pursued through a tuition-based programme or privately. Tuition-based programmes (physical or virtual classes) are however recommended due to the interactiveness with facilitators and other students which are key in imparting the requisite technical and soft skills.

A summary on each of the professional courses is presented below:

(i) **Certified Public Accountants (CPA) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Prepare accounts and financial statements including for complex entities in both the private and public sectors.
- Use computerised accounting systems
- Practically apply data analytical tools analyse data and reach conclusions.
- Undertake audit and assurance services
- Apply advanced financial management skills to evaluate various financial aspects of a business for decision making
- Prepare management accounts
- Apply leadership and management skills in practice to manage teams and achieve results

The course is aimed at persons who wish to qualify and work or practice as professional accountants, auditors, finance managers, tax managers and consultants in related areas in both public and private sectors.

Assessment will be conducted in a variety of ways, including examinations, practical papers, workshops attendance and practical experience.

In addition to the above papers, prior to certification, candidates will be required to

- Attend workshops on ethics, soft skills and emerging issues organised by Kasneb and ICPAK and earn IPD hours)
- Obtain 1-year practical experience, or alternatively attend workshops on work based simulation organised by Kasneb and ICPAK.

In order to assist CPA students to obtain the requisite practical experience and internship opportunities, they will be registered as student members of the Institute of Certified Public Accountants of Kenya (ICPAK) under a programme called the Trainee Accountants Practical Experience Programme (TAPEF). Through TAPEF, ICPAK working in consultation with Kasneb will assist students as much as possible to link with professional accountants who will mentor them towards obtaining the necessary practical experience.

(ii) **Certified Secretaries (CS) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Practice and promote principles of good governance within public and private sector entities
- Implement and comply with legal, regulatory and ethical requirements in practice
- Ensure proper conduct and management of meetings
- Undertake consultancy and advisory services in corporate secretarial and related practices
- Manage boardroom dynamics
- Undertake governance and compliance audits

The course is aimed at persons who wish to qualify and work or practice as corporate secretaries, policy formulators and consultants in governance, governance and compliance auditors and administrators at county and national levels and in the private sector.

Assessment will be conducted in a variety of ways, including examinations, projects and workshops attendance.

(iii) **Certified Investment and Financial Analysts (CIFA) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Apply financial tools and concepts in analysis and valuation of investment and securities
- Manage and grow portfolios of investments
- Analyse various types of investments including equity investments, fixed income investments and derivatives
- Manage corporate finances
- Apply financial modelling and analytical tools in investments analysis

The course is aimed at persons who wish to qualify and work or practice as investment, securities and financial analysts, portfolio managers, investment bankers, fund managers, consultants on national and global financial markets and related areas.

(iv) **Certified Credit Professionals (CCP) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Manage the credit cycle for trade credit providers
- Manage credit risk for different entities
- Undertake credit analysis for various corporate entities
- Undertake debt collection in a professional manner
- Comply with various requirements in debt management including governance, ethical, legal and regulatory requirements.

The course is aimed at persons who wish to qualify and work or practice in various fields of credit management including credit analysis, debt management and recovery, corporate lending and related areas in both formal and informal sectors.

(v) **Certified Information Systems Support Expert (CISSE) course**

The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Develop information systems solutions for a business
- Design and operationalise database management systems
- Design, configure and trouble shoot computer networks
- Implement ICT projects
- Manage and analyse big data

(e) **Post-professional specialisation course**

Kasneb has introduced the Certified Forensic Fraud Examiner (CFFE). The course imparts knowledge, skills, values and attitudes to, among other competencies:

- Apply analytical techniques in fraud detection
- Design and implement preventive and detective controls
- Apply and ensure compliance with the appropriate laws in fraud investigations
- Apply the burden and standards of proof in civil and criminal proceedings
- Apply the various methods and techniques of conducting fraud investigations
- Write standard investigations and expert witness reports
- Develop fraud prevention programs
- Conduct a fraud prevention health check up
- Develop and implement a fraud risk management program

The course is aimed at persons who wish to qualify and work or practice in the fields of financial fraud and corruption investigations, fraud prevention, fraud risk analysis and related areas.

The CFFE is administered in three modules, with an integrated case study and workshops at the end of the course. Each module is expected to last for three months. Examinations for the CFFE course will be administered three times in a year, thus the course is meant to last on average one year.

The minimum entry requirement to pursue the CFFE course is:

- Kasneb professional qualification; or
- Bachelor's degree from a recognised university; or
- Any other qualification considered equivalent to the above.

The course can be pursued through tuition-based learning or self-study.

Kasneb working with other partners will be rolling out another post-professional specialisation area in public financial management.

(f) **Examinations for holders of foreign qualifications wishing to be registered and practice in Kenya**

(i) **Examination for holders of foreign accountancy qualifications (FAQs)**

In consultation with the Council of ICPAK under Section 26 Sub-Sections (2) and (3) of the Accountants Act, 2008, kasneb examines holders of foreign accountancy qualifications who have applied for registration as Certified Public Accountants (CPAs) of Kenya and they are required to demonstrate their knowledge of local law and practice.

(ii) **Examination for holders of foreign secretaries qualifications (FSQs)**

In consultation with the Council of ICS under Section 20 Sub-Sections (2) and (3) of the Certified Public Secretaries of Kenya Act, Cap 534, kasneb examines holders of foreign secretaries qualifications who have applied for registration as Certified Secretaries (CSs) of Kenya and they are required to demonstrate their knowledge of local law and practice.

(iii) **Examination for holders of foreign investment and financial analysts qualifications (FIFAQs)**

In consultation with the Council of ICIFA under Section 16 Sub-Sections (2) and (3) of the Investment and Financial Analysts Act, No. 13 of 2015, kasneb examines holders of foreign qualifications who have applied for registration as Certified Investment and Financial Analysts (CIFA) and they are required to demonstrate their knowledge of local law and practice.

3.0 **EXAMINATION RULES AND REGULATIONS**

3.1 **Registration and examination bookings**

All applications for registration and examination booking must be in the prescribed manner. Students are advised to download the e-kasneb app for purposes of registration and examination booking. The deadline for registration and examination booking will be specified for each sitting but may not be later than thirty days to the date of the next examinations.

3.2 **Exemptions**

Exemptions may, on application, be granted to registered students who are holders of certain degrees and diplomas recognised by kasneb. Exemptions will be granted on a paper by paper basis. Details on available exemptions can be accessed on the kasneb website www.kasneb.or.ke.

3.3 **Retention of Credits**

Credits for papers passed by candidates will be retained without limit.

3.4 **Progression Rule**

A candidate will not be allowed to enter a higher level of the examination before completing the lower level.

3.5 Registration Renewal

- 3.5.1 A registered student must renew the studentship registration annually on the first day of July provided that newly registered students will be required to renew their registration on the first day of July following the examination sitting to which they are first eligible to enter.
- 3.5.2 A student who without good cause fails to renew the registration within three months of the renewal date will be deemed to have allowed the registration to lapse and may thus forfeit the right to write the examination until the renewal position is regularised. The registration number of a student who fails to renew the registration for three consecutive years will be deactivated, that is, removed from the register of students and will thus not be able to book for examinations until the registration number is reactivated.
- 3.5.3 A student whose registration number is deactivated for failure to renew the registration may apply for reactivation provided that if the application is accepted, the student shall:
 - (a) Pay the registration reactivation fee.
 - (b) Pay three years of registration renewal fees.

3.6 Rules Governing the Conduct of Students in the Examination Room

Kasneb will conduct examinations on both computer-based and paper-based platforms. The following rules mainly relate to paper-based examinations. Kasneb will be issuing additional rules specific to computer-based examinations in due course.

- 3.6.1 Candidates should present themselves for the examination at least 30 **minutes** before the scheduled time for the commencement of the examination they are taking.
- 3.6.2 A candidate who arrives half an hour or later after the commencement of the examination will not be allowed to take the examination nor will a candidate be permitted to leave the examination room until after the end of the first half hour since the commencement of the examination.
- 3.6.3 Each candidate is assigned a registration number upon registration as a student of kasneb. The candidate must sit at the place indicated by that number in the examination room. The registration number must be entered in the space provided at the top right-hand corner of each answer sheet.
- 3.6.4 The name of the candidate **must not** appear anywhere on the answer sheet.
- 3.6.5 Each answer sheet has a serial number indicated on the top, left hand side of the answer sheet. Each candidate must indicate the serial number of the answer sheet(s) used for each examination paper in the signature register.
- 3.6.6 Examination stationery will be provided in the examination room, but candidates must bring their own blue or black ink pens, pencils, and rulers.
- 3.6.7 **Mobile phones are strictly not allowed in the examinations room.**

- 3.6.8 No stationery whatsoever may be removed from the examination room.
- 3.6.9 Candidates **must not** carry the examination question papers from the examination room.
- 3.6.10 Candidates are allowed to use calculators provided that such calculators are noiseless, cordless and non-programmable.
- 3.6.11 Candidates will be required to positively identify themselves to the chief invigilator by producing their student identification cards and the national identity cards. Non-Kenyan candidates will be required to produce other relevant identification documents such as passports.
- 3.6.12 Strict **silence** must be observed during the entire duration of the examination.
- 3.6.13 Candidates **must not** possess any notes, printed paper or books in the examination room, but must leave any such material with the chief invigilator. Candidates using clipboards must ensure that such clipboards have no writing on them whatsoever.
- 3.6.14 Smoking is **not** allowed in the examination room.
- 3.6.15 Candidates **must not** collude in the examination room by exchanging notes or keeping the answer booklet in such a way that another candidate can read or copy from the booklet.
- 3.6.16 Impersonation in the examination room is not only a serious offence but also a criminal offence.
- 3.6.17 During the course of the examination, no candidate may leave the examination room without permission from the chief invigilator. Any candidate who does so will not be allowed to return to the examination room.
- 3.6.18 Candidates who finish the paper before the chief invigilator announces the end of the examination and wish to leave the examination room while the examination is in progress must inform the invigilator and hand in their scripts to the invigilator before leaving the examination room. However, no candidate will be allowed to leave the examinations room during the last fifteen (15) minutes of the examination.
- 3.6.19 Candidates **must not** leave the examination room with any answer booklet or answer sheets.
- 3.6.20 Candidates **must not** leave the examination room before their answer booklets are collected by the invigilators.
- 3.6.21 Candidates **must not** write notes on the examination timetable (Authority to sit the Examination).
- 3.6.22 Candidates with confirmed disabilities may apply to kasneb to be allowed extra time during examinations. Such application should be made at least two months prior to the examination.
- 3.6.23 Candidates must produce the timetables (Authority to sit the Examination) in order to be allowed to take the examination. Candidates may download their timetables (Authority to sit the Examination) from the kasneb website or through the e-kasneb. The downloaded timetables may be used as authority to sit the examination.

3.7 **Action for Breach of Examination Rules and Regulations**

3.7.1 kasneb is mandated by the Accountants Act, 2008 under Section 17 (1)(e) to investigate and determine cases involving indiscipline by students registered with kasneb. Section 42 of the Act further defines examination offences that are punishable under the law and the applicable penalties.

3.7.2 Disciplinary action will be taken against candidates who breach the examination rules and regulations of kasneb. A breach of the examination rules and regulations of kasneb shall include but is not limited to the following:

- (a) Deficiency in identification.
- (b) Impersonation.
- (c) Collusion.
- (d) Possession of a mobile phone in the examination room.
- (e) Possession of notes in the examination room.
- (f) Taking away answer booklets.
- (g) Writing of names on the scripts.
- (h) Possession of mobile phones in the examination room.
- (i) Carrying the examination question papers from the examination room.

3.7.3 The action for breach of the examination rules and regulations of kasneb shall include but not limited to the following:

- (a) De-registration as a student of kasneb.
- (b) Cancellation of registration number.
- (c) Nullification of candidate's results.
- (d) Prohibition from taking examinations of kasneb.
- (e) Written reprimand and warning.

3.7.4 Certain breaches of the rules and regulations amount to breaches of the law. In such cases, candidates will be handed over to the police for investigations and appropriate legal action.

Section 42 of the Accountants Act, 2008 provides that a person who:

- (a) gains access to examinations materials and knowingly reveals the contents, whether orally, in writing or through any other form, to an unauthorised party, whether a candidate or not;
- (b) wilfully and maliciously damages examinations materials;
- (c) while not registered to take a particular examination, with intent to impersonate, presents or attempts to present himself to take the part of an enrolled candidate;

- (d) presents a forged certificate to a prospective employer or to an institution of learning with intent to gain employment or admission; or
- (e) introduces unauthorised materials into the examinations room, whether in writing or in any other form, whether a candidate or not, commits an offence and is liable on conviction to imprisonment for a term not exceeding three years, or to a fine not exceeding one hundred thousand shillings, or to both.

FOUNDATION LEVEL

PAPER NO.1 CREDIT MANAGEMENT

UNIT DESCRIPTION

The paper is intended to introduce the candidate to the credit profession, equip the candidate with practical skills and knowledge required to manage the credit cycle for trade credit providers and financial institutions.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Assess and evaluate credit/lending proposals and advise credit applicants on various credit products
- Create, maintain and update debtors' profiles and keep proper records in the credit function
- Implement credit guidelines and procedures for the complete credit cycle
- Monitor outstanding debts for conformity with the set-out terms and conditions
- Analyse credit extension by various providers; banks, sacco, microfinance institutions, insurance companies and non-financial entities (locally and internationally)

CONTENT

1. Introduction to credit management

- 1.1 History of credit Management; Ancient origins , The Greek experience, The Reformation, a modern philosophy of credit
- 1.2 Definition of credit
- 1.3 The credit cycle
- 1.4 Why businesses extend credit
- 1.5 Types of credit; Consumer Credit, Trade Credit and Export Credit
- 1.6 Financial effects of credit on; Cost of credit, overdue on profit liquidity and Cash flow
- 1.7 Merits and Demerits of credit
- 1.8 The role of credit and its importance in the economy

2. Consumer Credit

- 2.1 Players in consumer credit- Savings and Credit Cooperative Societies (SACCOs), Microfinance Institutions (MFI's), Banks, Financial Technology (FinTechs)
- 2.2 Types and features of consumer credit agreements/products - Hire purchase, auto loans, personal loans, credit card, Personal lines of Credit (PLOCs), Overdraft limits
- 2.3 Classification and characteristics of consumer credit products
 - 2.3.1 Classification by the Tenure/Repayment mode
 - 2.3.1.1 Revolving Credit
 - 2.3.1.2 Installments
 - 2.3.1.3 Open Credit
 - 2.3.2 Classification by Target Market
 - 2.3.2.1 Consumer Credit
 - 2.3.2.2 Corporate credit
 - 2.3.2.3 Small and Medium enterprise loans
 - 2.3.3 Types of Loans by repayment mode and Security
 - 2.3.3.1 Secured versus Unsecured

(1)

- 2.3.3.2 Amortising versus Non-Amortising
- 2.3.3.3 Payment terms and methods
- 2.3.3.4 Consumer credit documentation
- 3. **Trade Credit**
 - 3.1 Players in trade credit
 - 3.2 Types of credit products/accounts
 - 3.3 Payments terms and methods used in trade credit
 - 3.4 Trade credit documentations - invoices, credit notes, debit notes, statements etc.
- 4. **Export Credit**
 - 4.1 Terms and conditions of sale in export
 - 4.2 Payment terms and methods
 - 4.3 Challenges and risks associated with export credit
 - 4.4 Export credit documentation
 - 4.5 International Communication Terms (Incoterms)
 - 4.6 Players in export trade - agents, distributors, del Credere
- 5. **The credit department**
 - 5.1 Roles of a credit department
 - 5.2 Organisational structure of a credit department - financial and non-financial institution
 - 5.3 Expected qualities of a good credit officer/manager
 - 5.4 Duties/responsibilities/qualification of a credit officer/manager
 - 5.5 Departmental relationships - Finance & Sales
- 6. **Fundamentals of Credit Assessment and Analysis**
 - 6.1 Types of borrowers
 - 6.2 Introduction to credit analysis, appraisal and assessment
 - 6.3 Sources of credit risk information for assessment
 - 6.4 Introduction to credit risk and common business risks
 - 6.5 Categories of customers in credit analysis and their credit risk factors
 - 6.5.1 Sole proprietorship
 - 6.5.2 Partnership
 - 6.5.3 Private and public limited companies
 - 6.5.4 Clubs, societies & Schools
 - 6.5.5 Local bodies, statutory bodies and corporations
 - 6.6 Techniques and models for risk assessment- 5C's, CAMPARI, PARSER, CCPARTS
 - 6.7 Role of financial statements as a tool for risk assessment
 - 6.8 Factors to consider when assessing credit risks - financial and non-financial factors
 - 6.9 Hedging tools against risks - bank guarantees, Securities and collaterals
- 7. **Introduction to Debt Collection**
 - 7.1 Introduction to collections - trade, consumer and export
 - 7.2 Nature of credit customers/debtors
 - 7.3 Qualities of an effective collection officer
 - 7.4 Identifying Early warning signs
 - 7.5 Application of Pareto rule (80/20) in collection.
 - 7.6 Collections tools - telephone, letters, SMS, emails etc.
 - 7.7 Collections techniques
 - 7.8 Collection performance measurement and reporting
 - 7.9 Provisioning norms and write-off of bad debts - IFRS9

8. **Information Sharing**
 - 8.1 Introduction to information sharing and industry players
 - 8.2 Role of credit Reference Bureau (CRB) in information sharing
 - 8.3 CRB reports and clearance certificate
 - 8.4 Benefits of CRB to lenders and borrowers
 - 8.5 Role of CRB in the economy
 - 8.6 Accessing and interpretation of a credit report

9. **Information Technology and Credit management**
 - 9.1 Customer recruitment and risk assessment
 - 9.2 Customer Masterfile
 - 9.3 Billing and lending
 - 9.4 Sales Ledger management and controls
 - 9.5 Contents and role of a sales ledger
 - 9.6 Types of sales ledgers
 - 9.7 Automated Collection support
 - 9.8 Online Lending platforms
 - 9.10 Advantages and disadvantages of Fintech lending

10. **Credit Functions Outsourcing**
 - 10.1 Credit scoring and rating
 - 10.2 Collection call centers and Debt Recovery Agencies
 - 10.2.1 Credit Insurance
 - 10.2.2 Features of credit insurance policies
 - 10.2.3 Types of credit insurance policies
 - 10.2.4 Benefits of credit insurance
 - 10.3 Factoring and invoice discounting
 - 10.3.1 Types of Factoring
 - 10.3.2 Advantages and disadvantages of factoring & Invoice Discounting
 - 10.3.3 Difference between invoice discounting and factoring

Sample reading and reference materials

1. Ziegel, A. Fundamentals of Credit and Credit Analysis (2014). Revised Edition. Amazon.
2. Bullivant, G. Credit Management (2016). Revised edition.
3. Mason, R. Credit Controller's Desktop Guide. Second edition.
4. Gikonyo, Z. Getting Paid on Time.
5. Kasneb e-learning resources (link available on kasneb website).
6. Kasneb approved study packs

PAPER NO. 2 COMMUNICATION AND CUSTOMER RELATIONS

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply business communication, customer relations and personal skills required in the credit management field/profession.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Communicate effectively using a wide range of media in service delivery
- Apply personal skills to building customer relationships and negotiate effectively
- Prepare and conduct physical and online meetings
- Demonstrate ability to effectively work with teams
- Maintain customer relations through technology
- Uphold professional standards, ethics and values that credit staff need to exhibit within workplace

CONTENT

1. **Introduction to communication**
 - 1.1 Meaning of communication
 - 1.2 Importance of communication
 - 1.3 Elements of communication
 - 1.4 The communication process
 - 1.5 Principles of effective communication
 - 1.6 Essential of an effective communication system
 - 1.7 Methods of communication
 - 1.8 Internal and external communication
 - 1.9 Barriers to effective communication
 - 1.10 Cross-cultural communication
2. **Written communication and visual communication**
 - 2.1 Sentence construction and paragraph development
 - 2.2. Business correspondence
 - 2.3 Reports and proposals
 - 2.4 Memorandum
 - 2.5 Posters and notices
 - 2.6 Forms and questionnaires
 - 2.7 Circulars and newsletters
 - 2.8 Advertisements and publicity materials
 - 2.9 Documents used in business transactions - letter of enquiry, catalogue, quotation, purchase order, invoice, credit note, debit note, others
 - 2.10 E-mail
 - 2.11 Visual communication - graphs/charts/tables/diagrams/pictures
3. **Oral communication**
 - 3.1 Meaning of oral communication
 - 3.2 Importance of oral communication
 - 3.3 Types of oral communication-face to face and telephone conversations
 - 3.4 Effective listening
 - 3.5 Interviews
 - 3.6 Oral presentations and public speeches

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- 3.7 Persuasive communication
- 3.8 Interpersonal relationships
- 3.9 Assertiveness

- 4. **Non-verbal communication**
 - 4.1 Meaning and importance of non-verbal communication
 - 4.2 Forms of non-verbal communication
 - 4.3 Effective use of non-verbal communication
 - 4.4 Gender and nonverbal communication
 - 4.5 Cultural impact on nonverbal communication
 - 4.6 Barriers to effective non-verbal communication
 - 4.7 Strategies for improving nonverbal communication

- 5. **Meetings**
 - 5.1 Purpose of meetings
 - 5.2 Types of meetings
 - 5.3 Planning for a meeting
 - 5.4 Agenda and notice
 - 5.5 Conduct of meetings
 - 5.6 Role of chairperson, secretary and participants
 - 5.7 Minutes
 - 5.8 Conferences and symposia
 - 5.9 Teleconferencing and video conferencing

- 6. **Groups and teams' dynamics**
 - 6.1 Group development
 - 6.2 Factor that determine the success of a group
 - 6.3 Functions of groups in an organisation
 - 6.4 Building effective teams
 - 6.5 Team roles
 - 6.6 Characteristics of effective teams
 - 6.7 Group communication networks
 - 6.8 Techniques for effective group discussion
 - 6.9 Skills of an effective team player
 - 6.10 Virtual groups - group e-mails, WhatsApp groups, social media, corporate blogs
 - 6.11 Groupware

- 7. **Decision making and problem solving**
 - 7.1 Meaning of decision making
 - 7.2 Meaning of problem solving
 - 7.3 Types of decisions
 - 7.4 The decision making process
 - 7.5 Techniques of group decision making and problem solving
 - 7.6 Advantages and disadvantages of group decision making

- 8. **Negotiation in customer relations**
 - 8.1 Meaning of negotiation
 - 8.2 The negotiation process
 - 8.3 Role of negotiation in customer relations
 - 8.4 Principles of effective negotiation
 - 8.5 Skills required for effective negotiation
 - 8.6 Success of a negotiation process

- 8.7 Making concessions
- 8.8 Approaches to negotiation
- 8.9 Barriers to effective negotiation
- 8.10 Negotiating with debtors
- 9. **Customers' feedback**
 - 9.1 Meaning of customer feedback
 - 9.2 Importance of customer feedback
 - 9.3 Methods of obtaining customer feedback
 - 9.4 Principles of effective complaints handling
 - 9.5 Procedure for handling customer feedback and complaints
 - 9.6 Skills for effective complaints handling
 - 9.7 Listening to customers
 - 9.8 Dealing with difficult customers
- 10. **Customer relations**
 - 10.1 Definition and importance of a customer
 - 10.2 Changing customer behavior and expectations
 - 10.3 Customer perception
 - 10.4 Customer attraction and retention strategies
 - 10.5 Meaning and importance of customer relations
 - 10.6 Relationship marketing
 - 10.7 Principles of good customer relations
 - 10.8 Techniques of building long lasting customer relationships
 - 10.9 Monitoring and measuring customer satisfaction and loyalty
- 11. **Customer care through technology**
 - 11.1 Definition of customer care
 - 11.2 Role of customer care in customer relations
 - 11.3 Employees' role in customer care
 - 11.4 Role of technology in customer care
 - 11.5 Call centers and help desks
 - 11.6 Customer care through internet-based and mobile technologies
 - 11.7 Technology etiquette and strategies
 - 11.8 The telephone in customer care
 - 11.9 Social media
- 12. **Ethics in customer relations**
 - 12.1 Ethics in customer relations
 - 12.2 Role of ethics in customer relations
 - 12.3 Applying ethics in customer relations
 - 12.4 Professional standards for credit staff
 - 12.5 Ethical dilemma in customer relations
 - 12.6 Overcoming ethical dilemma in customer relations

Sample reading and reference materials

1. Cook, S. Customer care excellence; How to create an effective customer focus 5th edition. Pearson.
2. Armstrong, G.; Kotler P. Principles of Marketing, Global edition (2018).
3. Thuo, K.J. Principles of Marketing; A skill building approach. 2nd edition
4. Kasneb e-learning resources (link on website)
5. Kasneb approved study packs

PAPER NO. 3 INTRODUCTION TO LAW AND GOVERNANCE

UNIT DESCRIPTION

This paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him/her to apply the principles of law and legal systems in an entity and ensure compliance with basic principles of governance and ethics.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Demonstrate knowledge of essential elements of the legal system
- Demonstrate knowledge of legal personality
- Apply law of contract and tort in various scenarios
- Apply general principles of business law in practice
- Apply fundamental principles of ethics in practice
- Comply with fundamental principles of governance

CONTENT

1. Nature, Purpose and Classification of Law

- 1.1 Meaning of law
- 1.2 Nature of law
- 1.3 Purpose of law
- 1.4 Classification of law
- 1.5 Law and morality
- 1.6 The Constitution
- 1.7 Legislation and delegated legislation
- 1.8 Substance of common law and doctrines of equity
- 1.9 African customary law
- 1.10 Islamic law, Hindu law and African customary law
- 1.11 Judicial precedence
- 1.12 General rules of International law and ratified treaties

2. Administrative Law

- 2.1 Meaning of administrative law
- 2.2 Sources of administrative law
- 2.3 Functions of administrative laws
- 2.4 Doctrine of separation of powers
- 2.5 Delegated legislation
- 2.6 Control of delegated legislation
- 2.7 Discretion and Judicial control of executive
- 2.8 Liability of state (contractual/ tortious)
- 2.9 Principles of natural justice
- 2.10 Judicial control of the Executive
- 2.11 Independence of Judiciary
- 2.12 Remedies in administrative law (mandamus, certiorari, prohibition, habeas corpus; injunction and declaration)

3. The Court System

- 3.1 Establishment, structure, composition and jurisdiction of courts
- 3.2 Supreme Court
- 3.3 Court of Appeal
- 3.4 High Court
- 3.5 Employment and Labour Relations Court
- 3.6 Environmental and Land court

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- 3.7 International Court of Justice
- 3.8 Magistrates Court
- 3.9 Court Martial
- 3.10 Kadhi's Court
- 3.11 Distinction between Courts and Tribunals
- 4. **Alternative Dispute Resolutions (ADR)**
 - 4.1 Nature of alternative dispute resolutions (ADR)
 - 4.2 Nature and types of disputes
 - 4.3 Legal framework governing ADR
 - 4.4 General principles of ADR
 - 4.5 Negotiation and Conciliation
 - 4.6 Mediation
 - 4.7 Arbitration
 - 4.8 Dispute Review Boards
 - 4.9 Traditional dispute resolution mechanisms
- 5. **Law of Persons**
 - 5.1 Natural and artificial persons
 - 5.2 Nationality, citizenship and domicile
 - 5.3 Unincorporated and incorporated associations
 - 5.4 Co-operative societies
- 6. **Law of Tort**
 - 6.1 Nature of tort
 - 6.2 General defenses under tort
 - 6.3 Negligence
 - 6.4 Types of liabilities in tort
 - 6.5 Trespass
 - 6.6 Limitation and survival of actions
 - 6.7 Remedies in tort
 - 6.8 Principles in awards damages
 - 6.9 Defamation
- 7. **Law of Contract**
 - 7.1 Definition of a contract
 - 7.2 Classification of contracts
 - 7.3 Essentials of a valid contract
 - 7.4 Terms of a contract
 - 7.5 Exemption clauses
 - 7.6 Vitiating factors
 - 7.7 Discharge of contract
 - 7.8 Remedies for breach of a contract
 - 7.9 Limitation of actions
 - 7.10 Contract negotiation
 - 7.11 Information technology and the law of contract
- 8. **Sale of Goods**
 - 8.1 Nature of the contract of sale of goods
 - 8.2 Types of goods
 - 8.3 Formalities of the contract
 - 8.4 Terms of the contract
 - 8.5 Implied terms by statute, custom/usage
 - 8.6 Rights and duties of the parties
 - 8.7 Remedies for price and breach of contract

- 8.8 Auction sales
- 8.9 International contracts of sale: FAS, FOB, CIF, FCA, CPT, CIP, DAT, DAP, DDP, CFR, DAF, DDU, Ex-works and Ex-ship
- 9. **Agency**
 - 9.1 Meaning and nature of the agency contract
 - 9.2 Types of agents
 - 9.3 Parties to the agency relationship
 - 9.4 Creation of agency
 - 9.5 Authority of an agent
 - 9.6 Rights and duties of the parties
 - 9.7 Personal liability of agents
 - 9.8 Liability of the parties
 - 9.9 Termination of agency
- 10. **Partnership**
 - 10.1 Nature of partnership
 - 10.2 Registration process and requirements of partnership business
 - 10.3 Types of partnerships
 - 10.4 Rights, duties and liabilities of existing, incoming and minor partners
 - 10.5 Management of partnerships
 - 10.6 Dissolution of partnerships and its consequences
- 11. **Indemnity and Guarantees**
 - 11.1 Essential features of indemnity
 - 11.2 Nature and extent of liability of indemnifier
 - 11.3 Commencement of liability of indemnifier
 - 11.4 Nature of the contracts; essential features of contract guarantee; distinction between contract of guarantee/ indemnity extent of nature and surety
 - 11.5 Obligations of surety
 - 11.6 Discharge of surety
 - 11.7 Letters of credit
 - 11.8 Rights and duties of the parties
 - 11.9 Termination of the contract
 - 11.10 Remedies for breach of contract
- 12. **Insurance**
 - 12.1 Nature of the contract; types, parties to negotiable instrument
 - 12.2 Formalities of the contract
 - 12.3 Types of risks
 - 12.4 Parties to the contract of insurance
 - 12.5 Principles of insurance
 - 12.6 Types of insurance
 - 12.7 Transfers and amalgamation
 - 12.8 Termination of the contract
 - 12.9 ICT and insurance
- 13. **Negotiable Instruments**
 - 13.1 Nature and characteristics
 - 13.2 Negotiability of the instrument
 - 13.3 Types: Cheques, promissory notes, bills of exchange
 - 13.4 Types of crossings
 - 13.5 Obligations of the parties

- 13.6 Banker- customer relationship
 - 13.7 Presentment; purpose, time, place
 - 13.8 Discharge from liability
 - 13.9 Modes of discharge
 - 13.10 Dishonour, mode of dishonour, nature of protest, penalties for dishonour
 - 13.11 Acceptance for honour
 - 13.12 Criminal liability
14. **The Law of Property**
- 14.1 Definition of property
 - 14.2 Classification of property (real and personal, movable and immovable, tangible and intangible)
 - 14.3 Property in land: Private, public and community land
 - 14.4 Interests in land: Estates, servitudes and encumbrances
 - 14.5 Intellectual property: Plant breeder's patents, trademarks, copyrights and industrial designs
 - 14.6 Administration and management of land
 - 14.7 Sectional properties
 - 14.8 Management company
 - 14.9 Obligations of lessor and lessee in sessional property Act
 - 14.10 Transfer of land rights
 - 14.11 Role of professionals (Advocates, Certified Secretaries) in land transactions
15. **Introduction to corporate governance**
- 15.1 Corporate governance – Definition and objects
 - 15.2 Principles of corporate governance
 - 15.3 Best practice in corporate governance
 - 15.4 Role of stakeholders (shareholders, Board of Directors, Government)
 - 15.5 Conflict of interest - Investor education and protection of shareholders
 - 15.6 Compliance obligations
 - 15.7 Legal Audit- definition and objects
16. **Professional Ethics**
- 16.1 Introduction and overview of professional ethics
 - 16.2 Professional misconduct
 - 16.3 Publicity and advertisement
 - 16.4 Morality and etiquette
 - 16.5 Professional ethics for accountants, corporate secretaries
 - 16.6 Ethics and practice within a firm
 - 16.7 Enforcement of professional ethics and standards

Sample reading and reference materials

1. Jackson, T. "The Law of Kenya" (3rd Edition) Kenya Literature Bureau.
2. Ogola J. J., Business Law. (Revised Edition): Focus publications limited.
3. Furmston M., (2012). Law of Contract" (16th Edition) London: Butterworth's.
4. Finch, E. & Fafinski, S. (2011) Tort Law (3rd Edn) London: Pearson Longman.
5. Steel, J. (2010) Tort Law (2nd Edn). Oxford: Oxford University Press.
6. Kasneb e-learning resources (link on kasneb website)
7. Kasneb approved study packs

PAPER NO. 4 CREDIT RISK MANAGEMENT

UNIT DESCRIPTION

This paper is intended to equip the candidate with the knowledge, skills and attitudes to effectively manage credit risk in an organisation.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Identify credit risks posed by different customers' borrowing proposals
- Assess, analyse and measure risks in borrowing proposals in line with an entity's risk profile, using appropriate models and methodologies
- Mitigate credit risks posed by borrowing proposals, based on their driving factors, and minimise their impact on profitability
- Undertake credit risk monitoring and evaluation and report results, probabilities and impact of risk
- Understand the working of credit risk insurance
- Evaluate the impact of credit risk management on stakeholders

CONTENT

- 1. Overview of Risk Management.**
 - 1.1 Definition of risk
 - 1.2 Risks inherent in business organizations
 - 1.3 Risk management process
 - 1.4 Monitoring and evaluating risks
- 2. Fundamentals of credit risk**
 - 2.1 Meaning of credit risk
 - 2.2 Need for credit risk analysis/ why manage credit risk/Credit risk management objectives
 - 2.3 Causes of credit risk/Types of transactions that create credit risk
 - 2.4 Who is exposed to credit risk?
 - 2.5 Credit risk and return
 - 2.6 Historical progress of credit risk analysis
 - 2.7 Elements of credit risk analysis
 - 2.8 Challenges of credit risk analysis
- 3. Assessing Credit Worthiness**
 - 3.1 The Credit appraisal process
 - 3.2 Sources of information for credit appraisal
 - 3.3 Overview of quantitative and qualitative credit assessment
 - 3.4 Individual and corporate credit risk assessment
 - 3.5 Models used in credit assessment (Five C's of credit, CAMPARI, CCCPARTS)
 - 3.6 Checklist for credit risk origination; Financial and non-financial firms
- 4. Credit governance overview**
 - 4.1 Credit guidelines/policies
 - 4.2 Setting Credit limits
 - 4.3 Skills and oversight
 - 4.4 Strategic position of credit risk management
 - 4.5 Management context of credit risk management
 - 4.6 Credit risk management structure
 - 4.7 Credit risk culture and credit risk appetite

- 4.8 Credit management process
- 5. **Measurement of credit risk**
 - 5.1 The exposure
 - 5.2 Default Probability
 - 5.3 The recovery rate
 - 5.4 Obligation tenure/period
 - 5.5 Direct versus contingent exposure
 - 5.6 The expected loss
- 6. **Firm (or Obligor) credit risk**
 - 6.1 Business risks or operating risks
 - 6.2 Financial risks
 - 6.3 Risk matrix
 - 6.4 Different risk levels (Low, medium and high)
- 7. **External Risks**
 - 7.1 Credit risk in the business cycle
 - 7.2 Economic conditions
 - 7.3 Fiscal and monetary policies, balance of payments & exchange rates
 - 7.4 Political risk
 - 7.5 Demographic factors
 - 7.6 Regulatory framework
 - 7.7 International developments
 - 7.8 Others (technology and environment issues)
 - 7.9 Monitoring external risks
- 8. **Overview of Industry risks**
 - 8.1 Understanding obligor's industry or market
 - 8.2 Types of industry risks, business cycles and industry life cycle
 - 8.3 Industry and factors of production
 - 8.4 Industry profitability (Existing firms' competition, threat of new entrants, threat of substitute products and bargaining powers)
 - 8.5 Competitor/peer group analysis
- 9. **Entity level risks**
 - 9.1 Understanding the activity
 - 9.2 Risk context and management
 - 9.3 Internal risk identification steps
 - 9.4 SWOT Analysis
 - 9.5 Business strategy analysis
 - 9.6 Management analysis
 - 9.7 Other internal risks
- 10. **Integrated view of firm-level risks**
 - 10.1 Relevance if integrated view
 - 10.2 Identifying significant credit risks
 - 10.3 Risk Mitigations (Qualitative and quantitative)
 - 10.4 Principles of selecting risk mitigations
 - 10.5 Planning and Monitoring of credit risk

Sample reading and reference materials

1. Sylvain Bouteillé & Diane Coogan-Pushner; The Handbook of Credit Risk Management: Originating, Assessing and Managing Credit Exposure. John Wiley & Sons, Inc.
2. Peter S. Rose and Sylvia C. Hudgins; Bank Management & Financial Services. The McGraw-Hill Companies Inc.)
3. James S. Sagner and Herbert Jacobs; Handbook of Corporate Lending: A guide for Bankers and Financial Managers. Bank Credit Training Partners.
4. John Willey & Sons Assessing and managing credit exposure
5. Kasneb e-learning resources (link on kasneb website).
6. Kasneb approved study packs

PAPER NO. 5 PRINCIPLES OF ACCOUNTING

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Certified Credit Professionals (CCP) examination – Revised Syllabus June 2024

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to prepare and interpret the financial statements of different non-complex entities.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Prepare books of original entry and basic ledger accounts under the double entry system
- Prepare basic financial statements of sole traders, partnerships, companies, manufacturing entities and not for profit organizations
- Comply with the regulatory framework in the accounting field
- Analyse financial statements by use of ratios and statement of cash flows.
- Detect and correct accounting errors in financial records

CONTENT

1. **Introduction to Accounting**
 - 1.1 The nature and purpose of accounting
 - 1.2 Users of accounting information and their respective needs
 - 1.3 Accounting Standards and their purposes (IFRS, IASs, IPSAS)
 - 1.4 Elements of accounting statements
 - 1.5 The qualitative characteristics of accounting information
 - 1.6 Principles; concepts and conventions underlying the preparation of accounting statements
 - 1.7 Regulatory framework (ICPAK, IASB, IAESB, IPSASB)
 - 1.8 Professional ethics
 - 1.9 Description of Social and environmental accounting
2. **Accounting procedures and techniques**
 - 2.1 Source documents, the accounting cycle, the accounting equation
 - 2.2 Double entry book-keeping
 - 2.3 The ledger and their role in recording and summarising, classifying accounting data
 - 2.4 Books of original entry
 - 2.5 Petty cash book
 - 2.6 Balancing accounts and preparing the trial balance
 - 2.7 Introduction to simple statements of financial performance
 - 2.8 Statements of financial position
3. **Computerised accounting**
 - 3.1 Electronic data processing
 - 3.2 Different accounting packages
 - 3.3 Rationale for computerised accounting systems
 - 3.4 Comparison between manual recording and computerised system
 - 3.5 Components of a computerised accounting system
 - 3.6 Challenges of a computerised accounting system
 - 3.7 Current trends in computerised accounting software
4. **Preparation of financial statements and year-end adjustments**

- 4.1 Depreciation of non-current assets including their disposal (by part exchange; ordinary sale; accident)
- 4.2 Methods and reasons of providing for depreciation
- 4.3 Preparation of movement of property, plant equipment (as per International Financial Reporting Standards)
- 4.4 Trade receivables, bad debts write-offs and provision for bad and doubtful debts
- 4.5 Accruals, prepayments, reserves and provisions
- 4.6 Necessary adjustments in statements of financial performance to record increase and decrease in provision for bad and doubtful debts
- 4.7 Bad debts recovered
- 4.8 Accruals, deferrals, estimations and error correction adjustments and the cut off - procedure
- 4.9 The adjusted trial balance

- 5. **Confirming and correcting mechanism**
 - 5.1 The cash book; two and three column including cash journal
 - 5.2 Bank reconciliation statements
 - 5.3 Control accounts

- 6. **Errors and correction of errors**
 - 6.1 Errors revealed by the trial balance and the use of suspense account
 - 6.2 Errors not revealed by the trial balance
 - 6.3 The role of Internal control systems in controlling errors and frauds

- 7. **Sole traders accounts**
 - 7.1 Income statements
 - 7.2 Statements of financial position

- 8. **Partnership accounts**
 - 8.1 Basic contents of a partnership agreement
 - 8.2 Provisions of the Partnership Act
 - 8.3 Partnership statement of financial performance and appropriation account
 - 8.4 Partners current account and statement of financial position
 - 8.5 Financial statements to reflect elementary changes in partnership such as admission, retirement and dissolution

- 9. **Introduction to simple company accounts**
 - 9.1 Share capital and reserve
 - 9.2 Issue of shares at par; premium; discount
 - 9.3 Over and under subscriptions
 - 9.4 Allotment and calls on shares, forfeiture of shares
 - 9.5 Preparation of statements of financial performance and appropriation account and the statement of financial position
 - 9.6 Published accounts: Components of a complete set of published financial statements only

- 10. **Manufacturing accounts**

- 10.1 Elements of cost and cost behaviour
 - 10.2 Preparation of manufacturing accounts, statement of financial performance and statement of financial position
 - 10.3 Accounting treatment of manufacturing profit or loss and unrealised profit on closing stock
11. **Financial statements of a not-for-profit organisation**
- 11.1 Characteristics of not-for-profit organisations
 - 11.2 Receipts and payments accounts
 - 11.3 Income and expenditure accounts and statement of financial position
12. **Incomplete records and single entry book keeping**
- 12.1 Preparation of statement of affairs
 - 12.2 Preparation of income statement
 - 12.3 Preparation of statement of financial position
13. **Analysis of financial statements**
- 13.1 Role of analysis in providing information for decision making
 - 13.2 Cross sectional and common size analysis
 - 13.3 Trend analysis
 - 13.4 Financial ratio analysis: liquidity ratios, return ratios, margin ratios, coverage ratios, leverage ratios, capital structure ratios, turnover ratios, activity ratios, efficiency ratios, market evaluation (valuation) ratios, cost ratios etc
 - 13.5 Working capital and cash operating cycle
 - 13.6 Preparation of statement of cash flows (International Accounting Standard 7) using the direct and indirect methods
14. **Public sector accounting**
- 14.1 Features of public sector entities (as compared to private sector)
 - 14.2 Structure of the public sector and examples of entities in public sector
 - 14.3 Objectives of public sector financial statements
 - 14.4 Users of public sector financial statements and officers (treasury, accounting officers, public accounts committee, auditor general)
 - 14.5 IPSAS on inventory, property, plant and equipment and intangible assets (the ledger accounts of central and county governments are not examinable)
 - 14.6 Accounting techniques in public sector (budgeting, cash, accrual, commitment and fund)

Sample reading and reference materials

1. Wood, F., Sangster, A. & Gordon, L. (2018). Frank Wood 's Business Accounting Volume 1, 14th Edition, Pearson Education Ltd, **ISBN-10:** 1292208627.
2. Frankwoods Business Accounting II Frank Wood 's Business Accounting Volume 1, 14th Edition, Pearson Education Ltd, ISBN-10 : 129220917
3. Kasneb e-learning resources (link available on website)
4. Kasneb approved study packs

PAPER NO. 6 BUSINESS ENVIRONMENT

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to understand the environment under which businesses operate for purposes of designing and implementing credit management policies and approaches

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Demonstrate understanding of the structure of the economy
- Evaluate the impact of supply and demand on business organisations in line with managing credit transactions
- Align lending proposals to structures and operations of different forms of business organisations
- Apply PESTEL analysis (and other tools) to evaluate the impact of internal and external factors on the business organisation
- Gauge the business cycle impacts on business decision making
- Analyse the conflict of macro-economic objectives of Governments and business objectives in credit decision making

CONTENT

- 1. Introduction to business environment**
 - 1.1 Definition of a business operating environment
 - 1.2 Outline of Kenyan economy
 - 1.3 Structure of Kenyan financial system
 - 1.4 Types of Industries: Primary, Secondary and Tertiary sectors of industry.
 - 1.5 Economic effects of changes in size, geographical distribution, gender, ethnicity and age composition of the population.
 - 1.6 The link between business environment and Credit Management
- 2. Business Structure and Business Growth**
 - 2.1 Forms of business organisation
 - 2.2 Organisational objectives
 - 2.3 Business Shareholders & Stakeholders objectives
 - 2.4 Overview of Business growth and business growth strategy
 - 2.5 Types of business growth strategies
 - 2.6 Analysis of business growth strategies
- 3. Introduction to Company Analysis and Industry Analysis**
 - 3.1 Overview of company analysis and Industry analysis
 - 3.2 Elements of company analysis when conducting credit analysis
 - 3.3 Elements of industry analysis when conducting credit analysis
 - 3.4 The relation of industry analysis to company analysis
 - 3.5 Characteristics of representative industries from the various economic sectors
 - 3.6 Product and industry life cycle Models
 - 3.7 PESTEL & Stakeholders Analysis
 - 3.8 Business life cycle and Industry trends
 - 3.9 Classification of industry as to life cycle phases (embryonic, growth, shakeout, maturity and decline)
 - 3.10 Limitations of the life-cycle concept in forecasting industry & company performance;
 - 3.11 Competitive forces; effect of competitive forces on prices and costs (Porters 5 forces)

- 6.12 Macroeconomic, technological, demographic, governmental, and social influences on industry growth, profitability and risk
4. **Market Environment**
 - 4.1 The marketing concept and the importance of marketing within the business environment
 - 4.2 The principles of marketing and Marketing management
 - 4.3 Market segmentation - Methods and Advantages
 - 4.4 Elements of marketing - Marketing Mix
 - 4.5 The Concept of product life cycle
 - 4.6 Product Pricing strategies
 - 4.7 The Connection between Marketing strategy and Credit strategy
 - 4.8 Role of marketing department in credit cycle management
 - 4.9 Marketing and credit department approaches in credit decision making
 - 4.10 Effects of marketing strategy on credit decision marketing
 - 4.11 Striking a balance between marketing objectives and credit management goals
 5. **Market Structures and Competitive environment**
 - 5.1 Definition of a market
 - 5.2 Necessary and sufficient conditions for profit maximization
 - 5.3 Mathematical approach to profit maximization
 - 5.4 Output, prices and efficiency of: Perfect and Imperfect competition.
 - 5.5 Costs and economies of scale
 - 5.6 Supply, demand and pricing
 - 5.7 Elasticity of demand and supply
 - 5.8 Determination of exchange rates
 6. **Inflation**
 - 6.1 Definition and types of inflation
 - 6.2 Causes of inflation: cost push and demand pull
 - 6.3 Effects of inflation
 - 6.4 Measures to control inflation
 - 6.5 Effects of inflation on businesses and credit decision making
 7. **The macro-economic influences on the organization**
 - 7.1 Circular flow of Economic Activity - Real Flows and Money Flows
 - 7.2 The business cycle and the multiplier
 - 7.3 Economic growth and business growth
 - 7.4 Government economic policies and their impact on business
 - 7.5 Conflict of between business objectives and government policy objectives
 - 7.6 Effects of government intervention and regulation
 - 7.7 Impact of fiscal and monetary policies on businesses
 8. **Introduction to International Trade**
 - 8.1 Overview of International trade
 - 8.2 International trade theories
 - 8.3 Theory of absolute advantage
 - 8.4 Comparative advantage theory
 - 8.5 Terms of trade; balance of trade; balance of payments; causes and methods of correcting deficits in balance of payments.
 - 8.6 Protection in international trade; Regional integration organisations and Commodity agreements

- 8.7 International institutions and their and concerns of developing countries:
International Monetary Fund; World Bank; World Trade Organisation

9. **International Business Environment**

- 9.1 Introduction to International Trade
- 9.2 Overview of international business environment
- 9.3 Difference between - international business environment and international business
- 9.4 The modern global economy - the pros and cons of international expansion
- 9.5 The multinational enterprises (MNE)
- 9.6 Entry modes for international businesses (includes global concentration, global synergies, and other strategic global motivations)
- 9.7 Forms of international business environment
- 9.8 Advantages of international business environment
- 9.9 Tools of International business environment analysis
- 9.10 Dealing with Multi-dimensional aspects & complexity of international operating environments:
 - 9.10.1 Political environment - Definition of political environment; Political systems; international political risks; Factors to consider when analyzing the political-legal environment in an international environment
 - 9.10.2 Economic environment - Definition of economic environment; types of economies (the more developed or industrialised, the less developed or third world, and the newly industrialising or emerging economies); Factors to consider when analysing the economic environment in an international environment
 - 9.10.3 Technological environment - Definition of Technological environment; Factors to consider when analysing the Technological environment in an international environment
 - 9.10.4 Socio-Cultural environment - Definition of Cultural environment; Factors to consider when analysing the cultural environment in an international environment
 - 9.10.5 Competitive environment - Definition of competitive environment; Factors to consider when analysing the competitive environment in an international environment

Sample reading and reference materials

1. Worthington, I. and Britton, C. (2018), The Business Environment 8th edition, Prentice Hall.
2. A.C. Fernando Business Environment, (2011), Pearson India
3. Warnock Davies (2016), The International Business Environment. A Handbook for Managers and Executives, Understanding the Business Environment: Inside and Outside the organization 3rd Edition, Claire Capon
4. Christopher D. Piro, Jerald E. Pinto; Economics for Investment Decision Makers : Micro, Macro, and International Economics,
5. Glenn P. Hubbard, Glenn R. Hubbard, A, Economics, Global Edition, 2016
6. Kasneb e-learning resources (link on kasneb website).
7. Kasneb approved study packs

INTERMEDIATE LEVEL

PAPER NO.7 FINANCIAL STATEMENTS ANALYSIS FOR CREDIT MANAGERS

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to analyse financial statements and reports for credit applications' assessment, evaluation and appraisal and for credit monitoring.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Demonstrate an understanding of the importance of financial analysis in the credit decision making process
- Use various tools and techniques of financial analysis, noting their strengths and limitations
- Analyse the financial ratios in the context of business and industry analysis given industry and market benchmarks
- Prepare a cash operating cycle and link working capital management to credit management.
- Identify financial distress using financial statements analysis
- Analyse the application of non-financial reports in making credit decisions

1. Overview of Financial Statement Analysis

- 1.1 Explanation of the term “financial statements analysis”
- 1.2 Difference between financial reporting and financial statement analysis
- 1.3 The roles of financial reporting and financial statements analysis
- 1.4 Linkage between Credit Analyst function and financial statement Analysis
- 1.5 Importance and challenges of financial statements analysis: Change, globalism and technology
- 1.6 The objective of audits of financial statements, the types of audit reports, and the importance of effective internal controls
- 1.7 Sources of information for Credit Analysts:
 - 1.7.1 Sources of Financial Information:
 - 1.7.1.1 (financial statements - statement of financial position, comprehensive incomes statement, statement of cash flows, statement of changes in equity, notes to financial statements)
 - 1.7.2 Sources of Non-Financial Information:
 - 1.7.1.2 (Memorandum of Association, Articles of Association, CR12 Forms, Statement of beneficial owners, Board Resolutions, auditors report, management commentary & discussions, Industry Benchmarks/norms, supplementary information, sustainability reports, integrated reports, industry experts' comments, rating agencies, filing with regulatory authorities and press reports and strategic plan etc)
- 1.8 Approaches to analysing financial statements (macroeconomic environment, industry and company - either top down or bottom up)
- 1.9 Steps in analysing financial statements (Define the purpose and context of analysis, collect data, process data, analyse data, communicate recommendations and periodic reviews)

2. Quality Analysis - Statement of Profit or Loss

- 2.1 Components of Income Statement: (Incomes, Expenses, Appropriations)
- 2.2 Presentation Formats of Income Statements

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- 2.3 Understanding and application of the Operating and Non-operating components of the Income Statement in making lending decisions
 - 2.4 Analysis of Non-recurring items and changes in accounting policies from Income statement for lending purposes
 - 2.5 Income Statement Analysis: Common Size Analysis (Vertical vs Horizontal Analysis) and Income Statement Ratios
 - 2.6 Interpretation of Income statement analysis results for lending and debt collection purposes
 - 2.7 Restating and readjustment of Income statement items for lending purposes
 - 2.8 Common Red flags and warning signs that Credit analyst should be concerned with when conducting income statement Analysis for lending purposes
 - 2.9 Application of Industry benchmarks in Interpretation of Income statement analysis results
3. **Quality Analysis - Statement of Financial Position**
- 3.1 Elements of statement of financial position: (Assets, Liabilities and Equities)
 - 3.2 Uses and limitations of balance sheet in financial analysis
 - 3.3 Presentation Formats of statement of financial position
 - 3.4 Analysing short-term assets/investments and the short-term debt-paying ability of an entity
 - 3.5 Analysing Long-term debt-paying ability of an entity: (Two Approaches; - Ability to carry debts as indicated by Income statement and Ability to carry debts as indicated by balance sheet)
 - 3.6 Balance Sheet Ratio Analysis and Interpretation of Results for Lending and debt collection purposes
 - 3.7 Restating and readjustment of balance sheet items for lending purposes
 - 3.8 Common Red flags warning that Credit analyst should be concerned with when conducting Balance sheet quality Analysis for lending purposes
 - 3.9 Application of Industry benchmarks in Interpretation of balance sheet analysis results
4. **Quality Analysis - Statement of Cash flows**
- 4.1 Elements of Cash flow statement: (Operating, Financing & Investing Activities)
 - 4.2 Meaning of Cash flow statement elements to a credit analyst
 - 4.3 Uses and limitations of cash flow statement analysis
 - 4.4 Linkage between Cash flow statement to Income statement and balance sheet
 - 4.5 Presentation formats of cash flow statement and Effects on lenders decision
 - 4.6 Cash flow statement Ratio Analysis and Interpretation of Results for Lending and debt collection purposes
 - 4.7 Common Red flags warning that Credit analyst should be concerned with when conducting Cash flow statement quality Analysis for lending purposes
 - 4.8 Application of Industry benchmarks in Interpretation of cash flow analysis results
 - 4.9 Difference between Cash flows and Profits in establishing ability to pay debts
 - 4.10 Business cash flow drivers
5. **Financial Statement Analysis Tools and Techniques**
- 5.1 Tools and Techniques used in financial statement Analysis
 - 5.2 Uses and Limitations Tools and Techniques used in financial statement Analysis

- 5.3 Trend analysis and Ratio analysis
 - 5.4 Application of Trend Analysis and Ratio Analysis in Making lending decision
 - 5.5 Credit analysis Ratios: Categorization and Importance of Credit analysis ratios in making lending decision
 - 5.6 Analysing Financial Efficiency Cash flow drivers: Application of Profitability ratios and turnover ratios to analyse company cash flow drivers
 - 5.7 Application of Excel Spread Sheets Models in Ratio analysis and Trend analysis: In developing projections (determining the reasonableness of assumptions behind business fundamentals and swing factors in lending decision)
- 6. Financial Statement Analysis and Credit Risk Assessment**
- 6.1 Basics of credit analysis
 - 6.2 Quantitative versus qualitative credit analysis
 - 6.3 Analysis of company prospects and risks using qualitative information (strategy and business environment analysis) and quantitative information (financial position and financial performance)
 - 6.4 Determine the profitability, efficiency, and leverage drivers for any business
 - 6.5 Analysing various types of risk (Market risk, Inventory risk, Cash flow risk, solvency risk etc.) using financial statement analyses
 - 6.6 Short term credit analysis (liquidity) importance of liquidity, cash flows, composition of current assets and current liabilities, short-term debt-paying ability of an entity, and current financial conditions
 - 6.7 Long term credit analysis (solvency); importance of solvency, projection of cash flows, evaluation of extended profitability (sustainable earnings power)
 - 6.8 Credit rating and credit scoring process
 - 6.9 Business Environment analysis (Operating environment, Industry analysis, Company's competitive position, Evaluation of management)
 - 6.10 Projections of period - by - period cash flows
 - 6.11 Using financial statement analysis to assess tolerance for leverage, operational stability and margin stability
 - 6.12 Analysis of bank financial statements using CAMELS framework
 - 6.13 Liquidity risk management for banks
- 7. Financial distress**
- 7.1 Analysing long term solvency
 - 7.2 Using operating cash flows data
 - 7.3 Causes of financial distress
 - 7.4 Bankruptcy prediction models: examining the trend and behavior of selected financial ratios
 - 7.5 Altman's z- score: Multiple discriminant analysis
 - 7.6 Five financial ratios are included in the Z-score measuring liquidity, age of the firm and cumulative profitability, financial structure capital and turnover rate
 - 7.7 Critical analysis of companies fundamentals
- 8. Working Capital Management**
- 8.1 Importance of Working Capital management in a business
 - 8.2 Impact of credit policy on working capital management
 - 8.3 Working capital: Current assets (cash and cash equivalents, accounts receivables, inventories, prepayments, marketable securities and assets held for sale) and current liabilities (Accounts payable, accrued expenses, Income taxes payable, current portion of long term debt)
 - 8.4 Accounts receivable management: Methods, Techniques and Receivables ratios
 - 8.5 Inventory management: Methods, Techniques and Inventory ratios

- 8.6 Accounts payable management: Methods, Techniques and Payables ratios
 - 8.7 Cash operating cycle/Cash conversion cycle and liquidity
 - 8.8 Cash flow Management Strategies
9. **Financial Reporting Quality**
- 6.1 Financial reporting and quality of reported results (including quality of earnings, cash flow, and balance sheet items)
 - 6.2 Spectrum for assessing financial reporting quality in financial statements present by customers
 - 6.3 Conservative and aggressive accounting
 - 6.4 Motivations of poor quality financial reports
 - 6.5 Discipline mechanisms regarding poor quality financial reports
 - 6.6 Accounting methods (choices and estimates) for managing earnings, cash flow, and balance sheet items
 - 6.7 Accounting warning signs and methods for detecting manipulation of information in financial reports
10. **Reporting**
- 10.1 Qualitative and quantitative skills of credit analyst
 - 10.2 Users and needs of credit analyst report
 - 10.3 Components and Structure of Credit Analyst Report: Based on Analysis of Financial and Non-financial information for individual customers or an entity
 - 10.4 Presentation of Credit analyst report to: Department, CFO, CEO, Credit committee and Board of directors, Equity and debt investors

Sample reading and reference materials

1. Martin S. Fridson, Financial Statement Analysis: A Practitioner's Guide 4th Edition, (2011)
2. K. R. Subramanyam; Financial statement analysis 11th edition, (2014)
3. Gerard M. Zack; Financial Statement Fraud: Strategies for Detection and Investigation: Strategies for Detection and Investigation., Wiley publisher
4. Kasneb e-learning resources (link on kasneb website).
5. Kasneb approved study packs

PAPER NO. 8 CORPORATE CREDIT ANALYSIS

UNIT DESCRIPTION

The paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him or her to make effective corporate lending decisions.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Undertake credit analysis for dynamic corporates
- Appraise risk tendencies of an entity's management team and their influence on financial and operating decisions affecting creditworthiness
- Assess credit risk of debt instruments
- Examine the impact of debt instruments and debt structures on firm's recovery prospects in case of insolvency.
- Evaluate the shaping of a corporation's business by action of a sovereign government.

CONTENT

1. **Overview of Credit Analysis**
 - 1.1 Lending philosophy
 - 1.2 Identifying credit opportunity
 - 1.3 Stages of analysis to a credit proposition
 - 1.4 The credit decision
 - 1.5 Credit monitoring

2. **Overview of Corporate Borrowers**
 - 2.1 Types of corporates and their key features
 - 2.2 Considerations in lending to corporates
 - 2.3 Credit Risks associated with various corporates
 - 2.4 Considerations in lending to groups of companies/conglomerates

3. **Corporate Strategy and Credit risk**
 - 3.1 Analysis of Credit Risks inherent in a corporate's:
 - 3.1.1 Business strategy
 - 3.1.2 Business model
 - 3.1.3 Financial strategy
 - 3.1.4 Marketing strategy

4. **Structuring Credit Products**
 - 4.1 Objectives and process of facilities structuring
 - 4.2 Loan agreements and covenants
 - 4.3 Covenant clauses in lending
 - 4.4 Facility pricing and structuring
 - 4.5 Loans amortisation

5. **The Management Factor**
 - 5.1 Managerial behavior and corporate's credit profile
 - 5.2 Competences of key management positions
 - 5.3 Assessment of corporate governance
 - 5.4 Influence of management actions on corporate performance

6. **Corporate Financial Risk Analysis**
 - 6.1 Importance of financial policies in Credit analysis
 - 6.2 Firm's risk tolerance
 - 6.3 Credit measures relative to financial reports

- 6.4 Forecasting and sensitivity analysis of corporate cash flow drivers.
- 7 **Credit Risk on debt instruments**
 - 7.1 Types of debts instruments
 - 7.2 Debts instruments pricing
 - 7.3 Insolvency regimes and debt structures
 - 7.4 Estimating recovery prospects on debt instruments
- 8 **Industry Credit Risks**
 - 8.1 Credit profiles of various industries and sectors
 - 8.2 Industry lifecycle stages
 - 8.3 Patterns of business cycles and seasonality
 - 8.4 Limitation of a corporate's credit quality by specific industry risk
- 9 **Analysis of Sovereign and Country risks**
 - 9.1 Impact of countries' rules and regulations business activity and credit risk
 - 9.2 Influence of political, legal and financial systems on corporates' credit risk profiles
 - 9.3 Shaping of credit risk by a country's infrastructure and natural endowments
 - 9.4 Country macroeconomic policies and corporate credit risk
- 10 **Credit monitoring and control**
 - 10.1 Managing loan portfolio
 - 10.2 Identification of warning signs of bad and doubtful debts
 - 10.3 Early symptoms of financial distress
 - 10.4 Dealing with problem accounts
 - 10.5 Causes of credit deterioration and its control
 - 10.6 Corporate remedial action - Recovery and restructuring
 - 10.7 Loan workouts

Sample reading and reference materials

1. Milind Sathye, James Bartle, Michael Vincent and Raymond Boffey, Credit Analysis & lending management: John Wiley & Sons 2003.
2. Handbook of Corporate Lending; A guide for Bankers and Financial managers., 2001.
3. Jonathan Golin & Philippe Delhaise; The Bank credit analysis Handbook John Wiley, 2013.
4. Blaise Ganguin and John Bilardello; Fundamentals of Corporate Credit Analysis
5. James S. Sagner & Herbert Jacobs; Handbook of Corporate Lending.
6. Kasneb e-learning resources (link on kasneb website).
7. Kasneb approved study pack

PAPER NO. 9 COLLECTIONS MANAGEMENT

UNIT DESCRIPTION

(25)

Certified Credit Professionals (CCP) examination – Revised Syllabus June 2024

The paper is intended to equip the candidate with the knowledge, skills and attitude that will enable him or her to effectively manage debt collections.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Employ concepts, processes, techniques and best practices for effective debt collection in consumer, trade and export credit
- Establish, arrange and negotiate debt repayment plans with various clients
- Integrate ICT skills in collection process
- Examine the risks associated with consumer, export and trade debt collection
- Evaluate the impact of legal regulatory and industry framework on consumer, export and trade debt collection

CONTENT:

- 1. Introduction to credit control /Collections**
 - 1.1 Importance of credit control/collection in an organisation
 - 1.2 Organisational structure of credit control/collection function
 - 1.3 Roles and objective of a collection officer
 - 1.4 Collection cycle in consumer credit, trade credit and export credit
 - 1.5 Collection Skills and attitudes
 - 1.6 Steps in collecting a debt - Manual and Automated processes
- 2. Collection Communication and personal skills**
 - 2.1 Personal Skills and behaviour required in collection
 - 2.2 Characteristics of Effective communication in collection
 - 2.3 Negotiation skills in collection
 - 2.4 Negotiation principles and decision making skills in collection
- 3. Collection Methods and Techniques**
 - 3.1 Types of collection tools
 - 3.1.1 Telephone
 - 3.1.2 Letters
 - 3.1.3 SMS
 - 3.1.4 Emails
 - 3.1.5 Sales Team
 - 3.1.6 Suspension of credit
 - 3.1.7 Personal Visit
 - 3.1.8 Skip Tracing and asset Searches
 - 3.1.9 Third party collectors
 - 3.1.10 Locating and tracking customers using social media
 - 3.1.11 The Fair Debt Collection Practices Act
 - 3.1.12 Laws pertaining to e-mail in collection management
 - 3.1.13 Effective Payment Arrangements
 - 3.2 Advantages and disadvantages of collection methods
 - 3.3 Collection techniques - 80/20 rule
 - 3.4 Handling of non-payment and disputes
 - 3.5 Building Blocks for collection success
 - 3.6 Revenue collection challenges

4. **Documentary Collections - Export, consumer & Trade Credit**
 - 4.1 Documentary collection vs Documentary credit
 - 4.2 Parties to documentary collection
 - 4.3 Documentary Collection procedures
 - 4.4 Types of collections
 - 4.5 General notes and cautions on documentary collection
 - 4.6 Do's and Don'ts in documentary collection
 - 4.7 International collection process

5. **Collection policy, procedures, services and Measurement**
 - 5.1 Contents of a collection policy
 - 5.2 Role of a collection policy
 - 5.3 Collection procedures
 - 5.4 Functions and responsibilities of collection officers
 - 5.5 Debt collection measurement

6. **Application of Debt Re-arrangement schemes**
 - 6.1 Structuring Successful Negotiations
 - 6.2 Rescheduling, consolidation of debtors accounts
 - 6.3 Decisions on debtor's Work-outs, Deferment, Forbearance, graduated payments, debt Write-off
 - 6.4 Application of retention of title, Discounts and Rebates as customer payment incentives
 - 6.5 Counseling and advising debtors
 - 6.6 Alternative Debt Resolutions ADR Methods- Arbitration, Mediation and Adjudication

7. **Computerised collections and management system**
 - 7.1 Components of an effective collection system
 - 7.2 Customer information storage
 - 7.3 Billing
 - 7.4 Collection aids
 - 7.5 Cash allocation
 - 7.6 Customer reconciliation
 - 7.7 General Ledger management and reports

 - 7.8 **System Tasks**
 - 7.8.1 Online document management system for collections management
 - 7.8.2 Maintain a database of - contacts, orders and assets
 - 7.8.3 Payment deduction investigation system
 - 7.8.4 Offer customer secure internet payment options
 - 7.8.5 Automate the customer communication system

 - 7.9 **Online Based Tools**
 - 7.9.1 Collection through Social Media - Guidelines, risks and Tips for successful collection on Social Media
 - 7.9.2 Collection through Call Centres, Types of call centres, How to handle angry, difficult and irate callers, Reasons for using call centres, Benefits of call centres

7.9.3 Artificial Intelligence in Debt Collection - Use of Chatbots, AI and Virtual Agents for debt collection, Benefits of AI in collection

8. **Risks Associated with Debt Collection**

- 8.1 Lack of credible customer information
- 8.2 Operational capacity challenges
- 8.3 Identifying the vulnerable groups
- 8.4 Credit Fraud - Asset concealment, Fraudulent financial statements and trade references, check frauds
- 8.5 Foreign Corrupt Practices
- 8.6 Language to be used when chasing foreign customers

9. **Collections - Regulation and industry Framework**

- 9.1 Background The debt collection industry
- 9.2 Regulation of collection Practices
- 9.3 Restraints and Restrictions on Gathering and Disseminating Credit Information
- 9.4 Consumer protection laws
- 9.5 Data protection Act
- 9.6 Role of third party buyers and collectors
- 9.7 Communication with Debtors - Deceiving Debtors, Harassing phone calls, communicating with Third parties
- 9.8 Export licenses, the foreign corrupt practices act and compliance with foreign regulations governing imports
- 9.9 Ethical and Professional standards in collection

Sample reading and reference materials

- 1. Michael A Coleman; Collection Management Handbook – The Art of Getting paid. John Wileys. Revised Edition.
- 2. Steven M Bragg. Billing and collections Best practices - Credit and Collections; A Business perspective (2016).
- 3. Michael Dennis. Credit and Collections Handbook. Amazon.
- 4. Kasneb e-learning resources (link on website).
- 5. Kasneb approved study pack

PAPER NO. 10 CREDIT GOVERNANCE AND COMPLIANCE

UNIT DESCRIPTION

The paper is intended to equip the candidate with knowledge, skills and attitudes required to exercise professional judgement relating to governance and compliance within an organisation, in the context of the credit management function.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Develop major credit policies and action plan to achieve strategic objectives and allocate resources
- Measure the performance of the credit asset (debtors, loans, advances) by use of standard metrics
- Evaluate the operational compliance of procedures in meeting legal, regulatory, ethical and social requirements
- Apply prudential guidelines in lending as provided by regulators of banks, SACCOs, MFIs and other credit providers
- Apply principles of good governance in credit management
- Uphold professional standards, ethics and values for credit professionals

CONTENT

- 1. Overview of Regulation of financial institutions**
 - 1.1 Need and objectives of regulation of lending institutions
 - 1.2 History of regulation
 - 1.3 Regulation models and strategies
 - 1.4 The role of regulatory models
 - 1.5 Regulatory authorities and their structures
- 2. Credit Policy administration**
 - 2.1 The credit policy
 - 2.2 Distinction between a policy, procedure and a rule
 - 2.3 Scope of credit policy
 - 2.4 Objectives of a credit policy
 - 2.5 Operating principles of a credit policy
 - 2.6 Structures and management of credit granting institutions
 - 2.7 Responsibilities, Authority and decision making
 - 2.8 The importance of a credit policy
 - 2.9 Types of credit policies
 - 2.10 Factors to consider when developing a credit policy
 - 2.11 Component of a credit manual
 - 2.12 Formulation and implementation of a credit policy
 - 2.13 Benefits of credit policy periodic review
- 3. Prudential Guidelines in lending for banking institutions**
 - 3.1 Meaning of banking business

- 3.2 Role of the management and the board in credit risk management
 - 3.3 Capital Adequacy and sanctions on non-compliance
 - 3.4 Insider lending and reckless lending
 - 3.5 Risk Classification of assets
 - 3.6 Provisioning requirements
 - 3.7 Management of NPAs and treatment of collateral
 - 3.8 Credit Compliance reports
 - 3.9 Administrative measures and penalties for non-compliance
4. **Cooperatives/Saccos lending regulations**
- 4.1 General lending requirements
 - 4.2 Capital adequacy and sanctions on non-compliance
 - 4.3 Role of the management and the board in credit risk management
 - 4.4 Lending disclosures requirements
 - 4.5 Interest rates, fees & penalties and limit on interest recoverable
 - 4.6 Security for loans
 - 4.7 Inter Sacco borrowings
 - 4.8 Loan product approval
 - 4.9 External borrowing, limits on loans, reckless lending and Insider lending
 - 4.10 Credit collection practices
 - 4.11 Classification requirements, basis of classification and computing delinquency
 - 4.12 Treatment of collateral
 - 4.13 Loan loss allowances, loan write-off and risk classification return
 - 4.14 Cooperative principles and sound corporate governance (DTS)
 - 4.15 Guiding principles (GP) of good corporate governance (DTS)
 - 4.16 Credit Compliance reports
 - 4.17 Administrative measures and penalties for non-compliance
5. **Microfinance Institutions lending regulations**
- 5.1 Capital adequacy and sanctions on non-compliance
 - 5.2 Understanding Microfinance Banks and Credit only Microfinance Institutions
 - 5.3 The credit committee of the board
 - 5.4 Application for loan or credit facility.
 - 5.5 Limit on loans and credit facilities.
 - 5.6 Risk classification and provisioning of loans
 - 5.7 Insider lending reckless lending
 - 5.8 Credit Compliance reports
 - 5.9 Administrative measures and penalties for non-compliance
6. **Islamic Banking**
- 6.1 Regulation of Islamic banking
 - 6.2 Accounting and disclosure
 - 6.3 Principles of lending
 - 6.4 Credit products permitted under Islamic (Shariah) law
 - 6.5 Corporate Governance for Islamic Financial Institutions
 - 6.6 Islamic Microfinance
- 7 **Measuring performance of credit Assets**

- 7.1 Purpose of performance measurement
 - 7.2 Portfolio at risk (PAR); institution PAR Vs Industry PAR
 - 7.3 Value at risk (VaR)
 - 7.4 Credit loss ratio, NPLs to gross Loans ratio, etc.
 - 7.5 Average collection period (ACP)
 - 7.6 Collections Effective Index (CEI)
 - 7.7 Risk Migration rates
- 8 Basel Accords**
- 8.1 Background of the Accord
 - 8.2 Basel I -III
 - 8.3 Basel capital adequacy framework for credit risk
 - 8.4 Impact of changes to the Basel capital adequacy framework on credit risk
 - 8.5 Key differences between regulatory capital (under Basel framework) and economic capital
- 9 Consumer protection**
- 9.1 Relevant laws, codes of practice and lending policies
 - 9.2 Moral ethical and cultural considerations
 - 9.3 Principles of responsible lending
 - 9.4 Un regulated lending institutions
 - 9.5 The nature of hire purchase agreements
 - 9.6 Essentials of hire purchase agreements
 - 9.7 Implied terms of hire purchase agreements
 - 9.8 Effects of misrepresentations
- 10 Corporate Governance in lending institutions**
- 10.1 Definition of corporate governance
 - 10.2 Agency and stakeholders' theories
 - 10.3 Importance of corporate governance
 - 10.4 Principles of corporate governance
 - 10.5 Best practice in corporate governance
 - 10.6 Developing framework for corporate governance
 - 10.7 Corporate governance and stakeholders
 - 10.8 Role of Chairman, CEO and board committees
 - 10.9 Role of board in risk management
 - 10.10 Role of other stakeholders
 - 10.11 Internal control, audit and compliance and governance
 - 10.12 Risk management and governance
 - 10.13 Directors remuneration
 - 10.14 Governance reporting and disclosure
 - 10.15 Public sector governance
 - 10.16 Conflict of interest
 - 10.17 Investors education and protection of shareholders

11 Professional standards, ethics and values

- 11.1 Ethical theories
- 11.2 The role of ethics in financial services
- 11.3 Higher moral authority
- 11.4 Natural law, virtue and human rights
- 11.5 Ethics in practice
- 11.6 Over-indebtedness and responsible lending

- 11.7 Different approaches to ethics and values
- 11.8 Standards of conduct and personal integrity
- 11.9 Professional and public interest
- 11.10 Professional practice and code of ethics
- 11.11 Conflict of interest and consequences of unethical behavior
- 11.12 Social and environmental issues in the conduct of business and of ethical behavior
- 11.13 Provisions of the law on values, code of conduct and integrity

Sample reading and reference materials

1. Haabazuka, L. 2016; Regulatory framework of financial institutions: A Zambian perspective
2. Crother, D. & Seif, S. (2010) Corporate Governance & Risk management
3. CBK Prudential guidelines 2013
4. SASRA regulation guidelines
5. MFI regulations guidelines
6. Kasneb e-learning resources (link on website)
7. Kasneb approved study packs

ADVANCED LEVEL

PAPER NO.11 LEADERSHIP AND MANAGEMENT

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to apply and demonstrate leadership and management skills to grow an enterprise under various circumstances and environments including under uncertainties.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Demonstrate an understanding of leadership techniques and management principles
- Apply knowledge of leadership and management theories in organizations
- Effectively undertake management functions
- Make rational management decisions in an organisational context
- Embrace and manage strategic change.

CONTENT

1. **Introduction to management**
 - 1.1 Nature of management
 - 1.2 Importance of management
 - 1.3 Levels of management
 - 1.4 Multi-disciplinary nature of management
 - 1.5 Roles of management as advocated by Henry Mintzberg

- 1.6 The changing roles of management and managers
 - 1.7 Qualities of an effective manager
 - 1.8 Management and administration
2. **Evolution and development of management thought**
- 2.1 **Classical approaches to management**
 - 2.1.1 Taylor's view point
 - 2.1.2 Fayol's administrative theory
 - 2.1.3 Max Weber's bureaucratic theory
 - 2.2 **Behavioural management approach**
 - 2.2.1 Elton Mayo-Human relation theory
 - 2.2.2 Abraham Maslow's theory
 - 2.2.3 McGregor's X and Y theories
 - 2.2.4 Mary Parker Follett's Management theory
 - 2.3 **Modern management theories**
 - 2.3.1 Quantitative thinking
 - 2.3.2 Systems thinking
 - 2.3.3 Contingency thinking
3. **Leading as a function of management**
- 3.1 Differences between management and leadership
 - 3.2 Attributes and skills of a good leader
 - 3.3 Delegation, responsibility and accountability
 - 3.4 Power, authority and accountability
4. **Other Functions of management**
- 4.1 **Planning function:**
 - 4.1.1 Introduction to planning
 - 4.1.2 Importance of planning
 - 4.1.3 Planning process
 - 4.1.4 Types of plans
 - 4.1.5 Approaches to planning
 - 4.2 **Organising function**
 - 4.2.1 Meaning and importance of organising
 - 4.2.2 Factors affecting the organising function
 - 4.2.3 Process of organising
 - 4.2.4 Principles of organising
 - 4.2.5 Organisational structures
 - 4.3 **Staffing function**
 - 4.3.1 Meaning and importance of staffing

- 4.3.2 Staffing process
- 4.3.3 Factors that affect the staffing function
- 4.3.4 Components of the staffing function

4.4 Controlling function

- 4.4.1 Meaning and importance of control
- 4.4.2 Steps in the control process
- 4.4.3 Types of control
- 4.4.4 Controlling for organisational and employee performance
- 4.4.5 Tools for measuring performance
- 4.4.6 Essentials of an effective control system

5. Environmental Analysis

- 5.1 Micro-environment
- 5.2 Macro-environment
- 5.3 Internal environment
- 5.4 External environment
- 5.5 Tools of environmental analysis

6. Leadership approaches and strategy

- 6.1 Leadership traits
- 6.2 Leadership styles
- 6.3 Leadership skills
- 6.4 Formulation of an organisation's strategic direction
- 6.5 Differences between transactional leadership and transformational leadership
- 6.6 Conflict resolution mechanisms
- 6.7 Ethics in leadership

7. Decision making

- 7.1 Importance of decision making
- 7.2 Decision making models/approaches
- 7.3 Types of decisions
- 7.4 Decision making process
- 7.5 Problem solving skills
- 7.6 Decision making under different conditions
- 7.7 Challenges in decision making
- 7.8 Effective decision making

8. Enterprise management

- 8.1 Meaning and concept of entrepreneurship
- 8.2 Intrapreneurship
- 8.3 Entrepreneurial development
- 8.4 Enhancing creativity and innovation in organisations
- 8.5 Methods of generating ideas
- 8.6 Introduction to business plan
- 8.7 Protection of intellectual properties

9. Project management

- 9.1 Project management concepts
- 9.2 Characteristics of a project
- 9.3 Importance of projects
- 9.4 Features of projects and baseline surveys
- 9.5 Illustration of the Project life cycle
- 9.6 Project planning and organising
- 9.7 Project resources and costing
- 9.8 Project completion and evaluation

10. Marketing management

- 10.1 Meaning and importance of marketing
- 10.2 Marketing management orientation/philosophies
- 10.3 Marketing mix
- 10.4 Development of marketing information
- 10.5 Marketing strategies
- 10.6 Marketing research and intelligence
- 10.7 International marketing and e-commerce

11. Leadership and Strategic Change

- 11.1 Meaning of change
- 11.2 Theories of change
- 11.3 Types of organisational change
- 11.4 Managing resistance to change
- 11.5 Diagnosing the change context
- 11.6 Levers for strategic change
- 11.7 Methods of introducing strategic change
- 11.8 Problems of formal change programmes
- 11.9 Leading Change

12. Case Studies in Leadership and Management

Sample reading and reference materials

1. G.A Cole, (2017). Management: Theory and Practice. Amazon.
2. Robbins, P. (2015). Management. Wiley.
3. Dizenzo, Coulter and Robbins: Fundamentals of Management: Essential Concepts and Applications. Revised Edition.
4. Kasneb e-learning resources (link on kasneb website)
5. Kasneb approved study packs

PAPER NO. 12 ADVANCED CREDIT RISK MANAGEMENT

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to evaluate and manage credit portfolio risk using the proven tools and methods and advise management regarding optimal credit portfolio and credit risk diversification.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Apply the principles of credit portfolio risk management in identification, measurement and management of major credit portfolio risks
- Relate firm risks to portfolio risks and capital adequacy.
- Mitigate credit exposure using various securities in covering credit obligations exposure.
- Advise the management regarding the optimal lending, product-wise, for a profitable credit portfolio (Credit portfolio risk vs. Return).
- Employ risk diversification, trading of credit assets and credit derivatives in mitigating credit portfolio risk.
- Establish and implement the organization's overall credit risk management plan.

CONTENT

1. **Introduction to Credit Portfolio Management (CPM)**
 - 1.1 Credit portfolio vs. Equity portfolio (Criticality of Credit Portfolio Risks)
 - 1.2 Benefits of credit portfolio management
 - 1.3 Role of credit portfolio management: Credit department; - veto rights, advisory or profit Centre
 - 1.4 Portfolio management strategies - Passive Vs Active CPM
 - 1.5 Portfolio analysis
 - 1.6 Challenges of implementation of Active Credit portfolio management

- 1.7 Credit portfolio risk vs. Return
- 2. **Major portfolio risks**
 - 2.1 Systematic Risk (triggers and consequences)
 - 2.2 Diversifiable risk
 - 2.3 Concentration risk
 - 2.4 Credit portfolio beta
 - 2.5 Measuring credit portfolio risk
- 3. **Credit Risk in Working Capital**
 - 3.1 Working capital cycle (Lenders' point of view)
 - 3.2 Working capital vs. Fixed capital
 - 3.3 Working capital financing
 - 3.4 Working capital ratios
 - 3.5 Working capital behavior
 - 3.6 Working capital risks (Overtrading, diversion, inflation and contingencies) and their impact
 - 3.7 Working capital risks mitigations
- 4. **Credit Risk in Project Finance**
 - 4.1 Overview of project finance (features and types of project finance)
 - 4.2 Phases of projects and risks
 - 4.3 Project credit risks
 - 4.4 Financial study (cash flow forecasts, economic worth and credit worthiness)
 - 4.5 Mitigating project credit risks
- 5. **Firm Risks to Portfolio Risks and Capital Adequacy**
 - 5.1 Obligor probability of default (PD) and portfolio probability of default
 - 5.2 Default risk (Firm level defaults and portfolio defaults)
 - 5.3 Loss given default (LGD) and expected loss (EL)
 - 5.4 Provisioning (firm level and portfolio-level)
 - 5.5 Credit loss distribution
 - 5.6 Economic Capital (measurement and optimisation)
- 6. **Credit Risk Pricing**
 - 6.1 Credit pricing factors
 - 6.2 The pricing structure
 - 6.3 Origination of credit risk
 - 6.4 Credit risk pricing models
 - 6.5 Prime lending rates (Base rate and KBRR)
 - 6.6 Pricing methods (RORAC, NPV, RANPV)
- 7. **Credit Risk Modelling**
 - 7.1 Introduction to Credit Portfolio Models.
 - 7.2 Basic statistics for risk management: Volatility, correlation, VaR, Monte Carlo simulation, Copula functions in modelling default correlation.
 - 7.3 Merton Model, Moody's KMV, Credit Metrics, One-period Portfolio Models, Gaussian Models etc

- 7.4 Alternative modelling approaches: Default models and mark to market / multi-state models, Structural and reduced form models
- 7.5 Conditional and unconditional models
- 7.6 Scenario and sensitivity analysis in CPM
- 8. **Credit Risk and the Basal Accords and Prudential Guidelines in Lending**
 - 8.1 Regulatory framework
 - 8.2 Basal I and its criticism
 - 8.3 Alternative approaches for credit risk in Basal II
 - 8.4 Risk Weighted Assets and Capital adequacy (Basal vs. Prudential Guidelines)
 - 8.5 Criticism of Basal II
 - 8.6 Credit risk measurement and management under Basal III
 - 8.7 Basal III and prevention of future financial/credit crises
 - 8.8 Managing nonperforming assets/loans under prudential guidelines (CBK)
 - 8.9 IFRS 9 and management of accounts receivables
 - 8.10 Towards Basel IV: Rationale and Regulatory compliance enhancement proposals
- 9. **Credit Portfolio Risk Mitigation**
 - 9.1 Credit risk diversification (traditional and modern diversification)
 - 9.2 Trading of credit assets
 - 9.3 Credit derivatives
 - 9.4 Credit Insurance
 - 9.6 Best practices and principles of credit portfolio management as per the International Association of Credit Portfolio Managers (IACPM) framework
- 10. **Collateral Management**
 - 10.1 Security basics overview (need, attributes, types and pricing)
 - 10.2 Methods of taking security and perfection of securities
 - 10.3 Covenants (financial and nonfinancial)
 - 10.4 Realising security
 - 10.5 Credit risk management planning and strategy
- 11. **Credit Portfolio Management and Credit Crisis**
 - 11.1 Road to credit crisis (role of banks, formation of credit bubbles, credit bubble explosion)
 - 11.2 2008 Credit crisis (causes and consequences)
 - 11.3 Lessons of the 2008 credit crisis
- 12. **Analysis of Case Studies**
 - 12.1 Practical business scenarios on credit exposure management - entity level exposures and portfolio credit exposures and credit risk management planning

Sample study and reading materials

1. Ciby Joseph; Advanced Credit Risk – Analysis and Management Wiley Finance
2. Blaise Ganguin & John Bilardello; Fundamentals of Corporate Credit Analysis. The McGraw-Hill Companies Inc.
3. Prudential Guidelines in Lending (CBK 2013) and SASRA regulations.
4. Kasneb e-learning resources (link on website)
5. Kasneb approved study packs

PAPER NO. 13 ADVANCED COLLECTIONS MANAGEMENT

UNIT DESCRIPTION

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to use advanced tools, methods and techniques to manage collections in a complex business environment.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Formulate and implement an organisation's collections strategy in line with legal and regulatory organisational requirements
- Manage collection of debts through Litigation
- Adjust the management of collections activity at different stages of collection cycle and advise the management regarding provisioning and write-offs
- Manage the challenges of internal and external relationships during collections
- Evaluate commercial conclusion of debts, engage and manage external collection agencies

CONTENT

1. **Collection policies and strategies:**
 - 1.1 Designing General and Specific Collection Policies
 - 1.2 Restriction of application of certain policies
 - 1.3 The reviewing of the credit cycle from application to ultimate payment
 - 1.4 Assessing the impact of outstanding debt on your company's financial results
 - 1.5 Designing the hiring process of a collections manager and staff and Structuring collections work
 - 1.6 Illustrative case studies on designing collection strategies, structuring collection work

2. **Collection performance measurements and reporting**
 - 2.1 Average time to issue invoices
 - 2.2 Best possible Days Sales Outstanding (DSO)
 - 2.3 Number of active customers per credit /collection officer
 - 2.4 Bad Debt Percentage
 - 2.5 Collection effectiveness index
 - 2.6 Cash collected per aging bucket
 - 2.7 Percentage collected of assigned collection target
 - 2.8 Percent of cash applied on day of receipt
 - 2.9 Partial payment agreement percentage
 - 2.10 Receivables aging by group with estimated doubtful accounts
 - 2.11 Receivables monthly Management Report
 - 2.12 Illustrative cases on calculation of collection performance

3. **Management of Non-performing Assets**
 - 3.1 Non-performing Assets definitions and concepts
 - 3.2 Classification of accounts as Non-performing Accounts (NPAs)
 - 3.3 Prudentials Norms classification - Normal, watch, sub-standard, doubtful and Loss
 - 3.4 Importance of Non-performing accounts management
 - 3.5 Provisioning Norms
 - 3.6 Recovery of NPAs - strategies for reducing NPA's
 - 3.7 IFRS 9 application in management of Non-performing Assets
 - 3.8 Illustrative cases on management of non-performing accounts Management

4. **Trade Credit Insurance**
 - 4.1 Types of trade insurance products- whole turnover, selected part, selected buyers, single buyer
 - 4.2 Types of risks covered
 - 4.3 Content of a trade credit insurance contract
 - 4.4 Loss and indemnification- recovery
 - 4.5 Obligations of the insured
 - 4.6 Debt Collection by the insurer
 - 4.7 Illustrative cases on trade credit insurance collection

5. **Legal Debt Collection Process**
 - 5.1 **Preliminary considerations before initiating or defending debt**
 - 5.1.1 Recovery suits
 - 5.1.2 Letters of demand
 - 5.1.3 Capacity to sue
 - 5.1.4 Mediation
 - 5.1.5 Acknowledgement of debt
 - 5.1.6 Evidence of indebtedness
 - 5.1.7 Statute barred debts
 - 5.1.8 Viability of debt recovery
 - 5.1.9 Availability of the debtor
 - 5.1.10 Enforcement and Execution

 - 5.2 **Institution of suit**
 - 5.2.1 Locus standi
 - 5.2.2 Jurisdiction
 - 5.2.3 Pleadings
 - 5.2.4 Service of summons

- 5.3 **Hearings**
 - 5.3.1 Summary judgment
 - 5.3.2 Attachment before judgment
 - 5.3.3 Presentation of evidence

- 5.4 **Judgement and decree**
 - 5.4.1 Extraction of decree
 - 5.4.2 Execution of decree
 - 5.4.3 Attachment and sale of property
 - 5.4.4 Attachment of debts
 - 5.4.5 Garnishee orders
 - 5.4.6 Committal to civil jail examination, charging order, liquidation and bankruptcy
 - 5.4.7 Illustrative cases on Legal Debt Collection Process

- 6. **Planning and preparing for effective debt collection:**
 - 6.1 Preparing reports and statistics collection activities and advising management
 - 6.2 Classifying debtors to enable a well-targeted approach - Portfolio Management
 - 6.3 Using the Debtors classification to analyze the potential risk each debtor poses to the company - Aged Debtors, 80/20 Rule
 - 6.4 Controlling customer accounting activities
 - 6.5 Drawing up a collection checklist to facilitate systematic collections
 - 6.6 Deciding on whether to collect the debt by telephone, letter, personal visit or use third party debt collectors
 - 6.7 Application of the Aging Debtors Analysis in Collection
 - 6.8 Coming up with Write off policies
 - 6.9 Illustrative case studies on reporting to management, Deciding the applicable methods in collection cycle and making critical decisions such as write off or legal

- 7. **Customer Relations Schemes - Customer House Keeping**
 - 7.1 The challenges of internal and external customers
 - 7.2 Creating an integrated customer service System
 - 7.3 Maintaining relationship with customers and accounts payable accountants
 - 7.4 Keeping in Touch with the Customer
 - 7.5 Dealing with the Customer's Problems - Review customer complaints on over charges and disputes carefully
 - 7.6 Identifying ways to motivate your customers to pay their outstanding debts
 - 7.7 Developing a conducive and spirit of cooperation with other departments especially sales and finance, good communication is the key
 - 7.8 Illustrative cases on calculation of collection performance

- 8. **Outsourcing Debt collection and Recovery services**
 - 8.1 Services that require outsourcing
 - 8.2 Steps before placing an account for collection
 - 8.3 Factors to consider before hiring collectors
 - 8.4 Motivation and Types of Fees paid to debt collectors
 - 8.5 Evaluating performance of collectors
 - 8.6 Contracts with debt collectors
 - 8.7 Working with agencies and tracking the regularity of agency remittances
 - 8.8 Illustrative case studies on hiring and using debt collection agencies

Sample reading and reference materials

1. Michael A Coleman ; Collection Management Handbook – The Art of Getting paid. McGraw Hill.
2. Steven M Bragg Billing and collections Best practices - Credit and Collections; A Business perspective – Michelle Dunn
3. Michael Dennis; Credit and Collections Handbook Business Ratios and Formulas : A Comprehensive Guide by Steven M. Bragg Publisher John Wiley & Sons, Incorporated Date 2012-04-03
4. A Guide to Trade Credit Insurance by The International Credit Insurance & Surety Association
5. Kasneb e-learning resources (link on website).
6. Kasneb approved study packs

PAPER NO. 14 DEBT RECOVERY MANAGEMENT

COMPETENCE

This paper is intended to equip the candidate with knowledge, skills and attitudes that will enable him/her to effectively apply insolvency laws in debt recovery and management of debt recovery work for a range of customers in line with legal, regulatory and industry frameworks.

LEARNING OUTCOMES

A candidate who passes this paper should be able to:

- Employ insolvency proceedings for recovery of debts effectively.
- Advise on recovery of debts under partnerships dissolution.
- Evaluate viability of recovery of debts through cross border insolvencies.
- Evaluate commercial viability in closure of credit obligations.
- Assess the options available in the recovery of debts.
- Prepare for selected debt recovery actions and manage debt recovery procedures and processes

CONTENT

1. **Insolvency regimes and legal framework.**
 - 1.1 Natural persons
 - 1.2 Partnerships, Creation and registration of partnerships, Rights of partners, Rights of partners, Liability of partners
 - 1.3 Corporations - Artificial persons
 - 1.4 Cross-border insolvencies
 - 1.5 Debt (Summary Recovery) Act - Highlights
 - 1.6 Auctioneers Act – Highlights
 - 1.7 Periods of limitation of actions

- 1.8 Fraud, mistakes, and ignorance of material facts
- 1.9 Limitations of actions against public authorities

- 2. **Insolvency of Natural persons**
 - 2.1 Meaning - Insolvency and bankruptcy
 - 2.2 Nature of bankruptcy
 - 2.3 Bankruptcy proceedings
 - 2.4 Rights of creditors
 - 2.5 Consequences of bankruptcy
 - 2.6 Discharge of a bankrupt

- 3. **Alternatives to bankruptcy**
 - 3.1 No asset procedure
 - 3.2 Summary Instalments order
 - 3.3 Voluntary Arrangements
 - 3.4 Proposal to Creditors

- 4. **Dissolution of Partnerships**
 - 4.1 Break-up of a partnership and its effects of break-up
 - 4.2 Restriction of ceasing to be a partner on or after break-up
 - 4.3 Protection of property acquired after break-up
 - 4.4 Winding up by partners
 - 4.5 Distribution of partners' assets on winding up
 - 4.6 Dissolution of a partnership which has broken up
 - 4.7 Appointment of the administrator and provisional liquidator
 - 4.8 Power of court to fix remuneration of receivers and managers
 - 4.9 Appointment of a receiver as liquidator
 - 4.10 Provisions relating to receiver or manager appointed

- 5. **Corporate Insolvency**
 - 5.1 Meaning of corporate insolvency
 - 5.2 Receivership
 - 5.3 Types of liquidation - Members' voluntary, Creditors Voluntary and Liquidation by court order
 - 5.4 Official receiver/liquidator
 - 5.5 Committee inspection
 - 5.6 Distribution of assets and priority of claims

- 6. **Debt Management via Arbitration**
 - 6.1 Interpretation of arbitration - Domestic and international arbitration
 - 6.2 Appointment and discharge of an arbitrator
 - 6.3 Conduct of Arbitral proceedings
 - 6.4 Arbitral award and its enforcement
 - 6.5 Other ADR mechanisms - Mediation, Negotiation and conciliation

- 7. **Cross-border insolvencies**
 - 7.1 Model Law on cross-border insolvencies
 - 7.2 United Nations Commission on International Trade Law (UNCITRAL) legislative guide on insolvency law
 - 7.3 Principles for effective Insolvency & Creditor/debtor regimes – World Bank

8. **The Auction Process**
 - 8.1 Meaning
 - 8.2 Understanding the Auction process
 - 8.3 Complaints against the auctioneers
 - 8.4 Rights to recover damages from Auctioneers
 - 8.5 Appeals handling
 - 8.6 Duties of auctioneers

 - 8.7 Prohibition against unlicensed auctioneers
 - 8.8 Licensing of auctioneers
 - 8.9 Auction sales.

Sample reading and reference materials

1. Mason, R. The complete guide to debt recovery; Revised edition. Amazon Books.
2. Insolvency Act 2015. (Revised 2020)
3. Partnership Act
4. Auctioneers Act
5. Arbitration Act
6. Universal Provisions on cross border insolvency
7. Kasneb e-learning resources (link on website).
8. Kasneb approved study packs