

Overview

This standard is about appraising applications for financing or credit facilities made by business customers. You will need to pay attention to details that are critical to work and will need to gather valid information from business customers about both their business and the proposition for which they require financing or credit facilities, and to assess that information prior to making recommendations to allow or decline financing or credit facilities. This means you will have to evaluate information such as balance sheets or business plans in order to appraise the viability of the proposition and to assess the financing or credit risk. It is vital that you know to, and are able to operate within, the guidelines employed within your organisation.

Performance criteria

You must be able to:

1. Identify, confirm and record the customer's financing or credit requirements in accordance with your organisation's procedures
2. Obtain all information and documentation necessary to carry out an assessment of applications for financing or credit facilities in accordance with your organisation's procedures
3. Assess the customer's objectives, business targets, strengths and weaknesses in accordance with your organisation's procedures
4. Complete all relevant credit checks in accordance with your organisation's procedures
5. Assess the customer's business viability using both financial and non-financial information in accordance with your organisation's procedures
6. Assess the need for, and availability of, security in accordance with your organisation's procedures
7. Obtain all necessary valuations and reports about your customer's assets offered as security and compare them to your customer's valuation in accordance with your organisation's procedures
8. Seek clarification from customers when assessments reveal discrepancies or inconsistencies
9. Consider all assessment factors when making decisions to allow, or decline, financing or credit facilities in accordance with your organisation's procedures
10. Make clear recommendations to the appropriate authority when the application has to be referred in accordance with your organisation's procedures
11. Inform customers of the decision to allow or decline financing or credit facilities in accordance with your organisation's procedures
12. Explain the potential borrowing options and their features and benefits, together with all essential information relating to these options in accordance with your organisation's procedures
13. Keep complete records of action taken in accordance with your organisation's procedures
14. Identify potential risks in accordance with your organisation's procedures
15. Comply with legal requirements, industry regulations, including ethical standards, organisational policies and professional codes of practice

Knowledge and understanding

You need to know and understand:

1. Relevant legislation and regulations affecting your work
2. The types of financing or credit facility which you are authorised to promote and sell and the conditions that apply to them
3. The benefits and features of each facility that you are authorised to promote and sell
4. The people from whom you can seek assistance with customers' queries
5. The information and documentation you need to gather to carry out assessment of applications for financing or credit facilities
6. Your organisation's guidelines and requirements on the need for, and the types of, security that are required when offering financing or credit facilities to customers
7. The assessment factors you need to consider when appraising financing or credit applications, including non-financial information. such as the customer's business structure and the current and anticipated market trends and developments
8. How to evaluate and interpret financial information
9. The relationship between non-financial and financial information
10. Your organisation's internal guidelines on security valuation
11. Your organisation's guidelines for determining the level of financing or credit which can be allowed
12. The implications of allowing financing or credit facilities to different types of legal entities
13. Risk and profitability factors for your organisation's business
14. How to recognise opportunities for negotiation and cross- selling with customers
15. Your organisation's requirements relating to the application of codes, laws and regulatory requirements, including ethical standards as they impact on your activities

Behaviours

- You present information clearly and concisely
- You show integrity, fairness and consistency in the decisions you make
- You show a clear understanding of different customers and their needs

Appraise applications for business financing and credit facilities

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