

FSPFC04 – SQA Unit Code H5H2 04

Appraise applications for business financing and credit facilities



Overview

This unit is about appraising applications for financing and/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 and/or credit facilities, and to assess that information prior to making recommendations to allow or decline financing and/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 and/or credit risk. It is vital that you know to, and are able to operate within, the guidelines employed within your organisation.

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Performance criteria

- You must be able to:*
- P1 Identify, confirm and record the customer's financing and/or credit requirements
 - P2 Obtain all the information necessary for you to carry out an assessment of the application for financing and/or credit facilities
 - P3 Assess the customer's objectives, business targets, strengths and weaknesses accurately
 - P4 Complete all relevant credit checks, where appropriate
 - P5 Make judgements on the customer's business viability using both financial and non-financial information
 - P6 Assess the need for, and availability of, security in accordance with your organisation's guidelines
 - P7 Obtain all necessary valuations and reports about your customer's assets offered as security and compare them to your customer's valuation, where appropriate
 - P8 Seek clarification from customers when assessments reveal discrepancies or inconsistencies
 - P9 Take all relevant assessment factors into consideration when making decisions to allow, or decline, financing and/or credit facilities
 - P10 Make clear recommendations to the appropriate authority when the application has to be referred
 - P11 Inform the customer of the decision to allow or decline financing and/or credit facilities
 - P12 Explain the potential borrowing options and their features and benefits, together with all essential information relating to these options
 - P13 Keep accurate and complete records of all actions taken
 - P14 Comply with legal requirements, industry regulations, including ethical standards and health and safety, organisational policies and professional codes
 - P15 Identify potential risks

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Knowledge and understanding

You need to know and understand:

- K1 Relevant legislation and regulations affecting your work
- K2 The types of financing and/or credit facility which you are authorised to promote and sell and the conditions that apply to them
- K3 The benefits and features of each facility that you are authorised to promote and sell
- K4 The people from whom you can seek assistance with customers' queries
- K5 Your organisation's guidelines and requirements on the need for, and the types of, security that are required when offering financing and/or credit facilities to customers
- K6 The assessment factors you need to consider when appraising financing and/or credit applications, including non-financial information. such as the customer's business structure and the current and anticipated market trends and developments
- K7 How to evaluate and interpret financial information
- K8 The relationship between non-financial and financial information
- K9 Your organisation's internal guidelines on security valuation
- K10 Your organisation's guidelines for determining the level of financing and/or credit which can be allowed
- K11 The implications of allowing financing and/or credit facilities to different types of legal entities
- K12 Risk and profitability factors for your organisation's business
- K13 How to recognise opportunities for negotiation and cross- selling with customers
- K14 Your organisation's requirements relating to the application of codes, laws and regulatory requirements, including ethical standards and health and safety as they impact on your activities

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Additional Information

Behaviours

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

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