

## FSPBCRM11 - SQA Unit Code H68C 04

### Monitor the quality of lending within your area of responsibility



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#### Overview

This unit is about monitoring the quality of lending, including applications made and loans arranged, within your area of operations, ensuring that lending is in line with your organisation's and regulatory requirements. It includes reviewing lending to ensure that it is within mandated authorities, that relevant criteria are met and that lending is within overall lending objectives.

This will involve you in making appropriate information and knowledge available promptly to those who need it and have a right to it. You will also act within the limits of your authority, complying with, and ensure that others comply with, relevant legal and regulatory requirements, and your organisation's requirements.

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#### Performance criteria

*You must be able to:*

- P1 Evaluate the level of risk associated with loans against your organisation's criteria and guidelines
- P2 Assess whether loans meet your organisation's quality criteria and regulatory requirements
- P3 Determine whether all necessary insurance cover has been arranged and that it fulfils your organisation's guidelines and the needs of the borrower
- P4 Identify any special insurance risks and address these in line with your organisation's guidelines
- P5 Ensure that all documentation is prepared correctly, and that it is accurate and complete
- P6 Ensure that all lending applications, and loans arranged, satisfy mandated authorities and your organisation's lending criteria
- P7 Address correctly any aspects of lending applications and loans that you assess as being outside your organisation's and regulatory requirements
- P8 Make sure that loan advances are monitored routinely to completion, in line with your organisation's requirements
- P9 Monitor and maintain lending within underwriting criteria and in line with local and your organisation's overall lending objectives

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## Monitor the quality of lending within your area of responsibility

### Knowledge and understanding

*You need to know and understand:*

#### ***Financial services specific knowledge and understanding***

- K1 The impact of financial services sector legislation, regulatory and your organisation's requirements and professional codes upon monitoring the quality of lending
- K2 The importance of organisations and individuals fulfilling regulatory requirements and the impact of failure to comply

#### ***Context specific knowledge and understanding***

- K3 Your organisation's requirements and associated procedures for fulfilling regulatory requirements regarding lending within your area of responsibility
- K4 Your organisation's requirements regarding the quality of lending as they impact upon your area of responsibility
- K5 Your organisation's lending criteria that need to be satisfied for loans to be approved
- K6 How to assess the level of risk for both the client and for your organisation across the different types of loan within your area of responsibility
- K7 The factors to assess when checking for the possibility of fraud or money laundering
- K8 Your organisation's guidelines regarding the need for insurance cover for the different types of loans within your area of responsibility
- K9 The documentation that is required to support the different types of loan within your area of responsibility
- K10 The procedures for monitoring loan applications to completion
- K11 Your organisation's local lending objectives and how these link to its overall lending objectives
- K12 The actions to take where local lending is at variance with agreed local objectives
- K13 Your organisation's requirements relating to ethical standards and health and safety relevant to your area of operations
- K14 Your level of authority and responsibility in monitoring the quality of lending within your area of operations, and the actions to take should these be exceeded

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## Additional Information

### Behaviours

*You must demonstrate that:*

1. You show integrity, fairness and consistency in decision-making
2. You show respect for the views and actions of others

### Links to other NOS

#### **‘Signposting’ other relevant NOS**

There is a close relationship between these NOS and the NOS for Banks and Building Societies, which have been developed separately by the Financial Skills Partnership (formerly Financial Services Skills Council). These can be accessed via [www.financialskillspartnership.org.uk](http://www.financialskillspartnership.org.uk)

In addition, the Sector Skills Body, Skills CFA, have developed NOS which include the competences required for leadership and management, as well as customer service. The website address for Skills CFA is [www.cfa.uk.com](http://www.cfa.uk.com)

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**Relevant occupations** Finance

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**Suite** Branch Management and Business & Customer/Commercial Relationship Management

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**Key words** Arranged loans; banking; insurance risks; lending; lending applications; lending objectives; loan advances; mandated authorities