

FSPBCRM08 - SQA Unit Code H689 04

Manage risk for financial services customers within your area of responsibility



Overview

This unit is about managing the risk for customers of financial services within your area of responsibility. It includes maintaining a responsible approach in all lending, and monitoring both the business performance of commercial customers and also trends in their assessed risk. It also includes addressing situations where there is a cause for concern regarding the level of risk posed by a particular customer.

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Performance criteria

You must be able to:

- P1 Monitor the business performance of commercial customers and evaluate the impact for the level of different types of relevant risk to your organisation
- P2 Assess the nature and level of risk, in line with your organisation's criteria and requirements, and use this actively in making decisions regarding customers' financial arrangements with your organisation
- P3 Make sure that your discussions with customers and any subsequent arrangements relating to lending are responsible and in accordance with your organisation's requirements
- P4 Undertake reviews of customers' financial arrangements at appropriate intervals to confirm that their arrangements remain affordable and suited to their needs
- P5 Review and identify any trends and patterns in your customers' risk as assessed by organisational reports, and the reasons for such patterns
- P6 Determine correctly the causes for customers' actions creating the trends and patterns identified in their risk levels
- P7 Monitor customers' financial arrangements and relevant repayments and identify promptly any variances which require actions to be undertaken, in line with your organisation's requirements
- P8 Instigate the appropriate steps to address any variances requiring action
- P9 Identify customers in financial difficulty or where their risk level is assessed as inappropriately high, and determine the cause(s)
- P10 Provide appropriate and responsible support to customers in financial difficulty to agree an action plan towards their managing their financial problem(s), in line with your organisation's requirements
- P11 Provide the necessary information to all relevant parties promptly in line with your organisation's requirements
- P12 Refer all matters that are beyond your level of authority promptly to the relevant person, setting out clearly the circumstances and the reason for the referral
- P13 Maintain complete and accurate records in line with your organisation's requirements
- P14 Maintain confidentiality and security of information in line with your organisation's procedures and requirements
- P15 Act within your levels of authority, complying with legal requirements, industry regulations, organisational policies and professional codes, including those relating to ethical standards and health and safety

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Knowledge and understanding

You need to know and understand:

General knowledge and understanding

- K1 The types of risk within financial services and the principles of effective risk management
- K2 The factors to consider when monitoring the business performance of commercial customers and its impact for the level of risk to your organisation
- K3 How to interpret financial accounts and their value in assessing risk and the extent to which a business is achieving its corporate goals
- K4 Types of variances in customers' financial arrangements with their banks, including exceeding the limits agreed, deviations from terms and conditions, an improving or deteriorating position in their accounts, and the indicators of such variances
- K5 The importance of responsible lending and the factors to take into account to make sure that lending can be justified as being responsible
- K6 The principle causes of variances to loan facilities including the customers' own activities and external factors such as the customers' market/business environment

Financial services specific knowledge and understanding

- K7 The impact of financial services sector legislation, regulatory and your organisation's requirements, and professional codes upon your area of operations, and in particular upon managing risk with customers in your area of responsibility
- K8 The structure of the banking sector, and the roles and responsibilities of the various parties within it as they impact upon your activities

Context specific knowledge and understanding

- K9 Your organisation's risk appetite for operational and reputational risk, and its impact for managing risk within your area of responsibility
- K10 Your organisation's techniques and procedures for monitoring and managing risk with customers
- K11 Your organisation's products and services relevant to your area of responsibility
- K12 Your organisation's procedures for investigating problems with accounts and the actions to take where problems are indicated
- K13 Colleagues, and any other stakeholders, to whom problems with accounts, or indicators of such problems, are to be referred, and the procedures for doing this
- K14 Your organisation's support available to customers in financial difficulties and how to arrange this
- K15 Your organisation's requirements relating to ethical standards and health and safety relevant to your area of operations
- K16 The limits of your authority and the actions to take where these are exceeded

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Additional Information

Behaviours

You must demonstrate that:

1. You show respect for the views and actions of others
2. You show integrity and fairness in decision making
3. You work to develop an atmosphere of professionalism and mutual support

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

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

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