COURSE OUTLINE

Credit and Collection

I. Course Number: FM 3  
Credit: 3 units

II. Course Title: Credit and Collection  
Pre-Requisite: FM 1

III. Course Description:

The course covers techniques of establishing the credit, obtaining and checking information, servicing the loan, billing and collecting the amount due. This also includes working knowledge on collection policies and procedures; principles of credit evaluation; open-end credit; direct lending; leasing of consumer goods; indirect lending; legal aspects of installment credit; and organizing and managing an installment loan department.

IV. Course Objectives:

At the end of the course, the student should be able to:

1. Explain the techniques of granting loans by banks and other financial Institution.
2. Formulate policies with regards to credit.
3. Develop appropriate values like punctuality in paying obligation.
4. Appreciate the importance of sound credit management in decision-making.

V. Course Outline

A. Methods of Establishing the Credit

1. Meaning of Credit
2. Different Views of Credit
3. Basic Elements of Credit
4. Functions of Credit
5. The 5 C’s of Credit
6. The Credit and Collection Unit and the Types of Organization to Adopt
7. The Credit Manager

B. Gathering of Information

1. The Credit Interview
2. Credit Investigation, Procedure and Report
3. Source of Credit Information
5. Appraisal of Real and Personal Properties
6. Code of Ethics in Exchange of Credit Information
7. The Cardinal C’s of Credit Men

No. of Hours

13.5
13.5
C. Servicing the Loans

1. The Loans and Discount Department
2. Types of Loans Serviced by Banks
3. Financing Installment Accounts
4. Loan Committees and the Approval Process
5. Recording and Accounting of Credit and Collection
6. Monitoring and Controlling the Credit and Collection Funds
7. Aging of Accounts

D. Billing and Collection

1. Collection Objectives and Structures
2. Collection Procedures
3. Credit and Collection Policies
4. The Collection Calendar and some Suggested Collection Approaches
5. Role of Collectors in Business: Collector’s Reports and Receipts

VI. References

A. Bibliography


B. Webliography

5 C’s of Credit Analysis, Retrieve from, [http://www.mbd.gov/node/438](http://www.mbd.gov/node/438), retrieved on August 8, 2012

VI. Course Requirements:

A Credit investigation reports, appraisal report and collection letters
B 4 major exams

VII. Grading System
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<thead>
<tr>
<th></th>
<th>Midterm Grade</th>
<th>Final Grade</th>
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<tbody>
<tr>
<td>Prelim Examination</td>
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<td>Semi-final Examination 25%</td>
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<tr>
<td>Midterm Examination</td>
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<td>Final Examination 25%</td>
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<tr>
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<tr>
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Final Grade = \frac{\text{Midterm Grade} + \text{Final Grade}}{2}