

Identifying Credit Risk

Ask, Analyze and Articulate for Remarkable Results

Background

The financial picture of a small business isn't always obvious from the financials and credit application. Underwriters have stated that bankers aren't supplying them with adequate information to make credit decisions, and risks aren't being identified during the interview process.

Underwriters are relying on financials because of the lack of information that could be gained from a good interview. The loan application and credit decision process is taking too long because bankers need to have repeated conversations with clients.

Course Overview

The purpose of IDENTIFYING CREDIT RISK is to provide bankers with a better understanding of potential credit risks and business analysis. In this one and one-half day course, bankers will receive hands-on experience using real-world case studies to demonstrate, and clarify, challenging financial and credit concepts. Performance and activity ratios will be explored, as well as techniques to effectively communicate the findings of the business interview to the underwriter.

Bankers will acquire skills to conduct a quality interview with a client. This will help bankers validate a request for credit and uncover potential risks that would prohibit the business owner from repaying debt, and also to evaluate the quality of secondary sources of repayment. In addition, bankers will learn to submit a more complete request for credit package to underwriting. As a result, underwriters will be able to make better (less risk for the bank), quicker credit decisions.

Course Outcomes

As a result of this training, bankers will be able to identify risks during a client interview, ask the right questions, quickly analyze financial statements and tax returns, and recognize trends prior to submitting a package to underwriting.

Bankers will be able to complete better interviews with business owners seeking credit. They will learn to construct a one-page memo for the underwriter which will provide key information gained during the banker-client process that would not be obvious from the credit and financial information. They will also be better able to communicate needs and risks to the underwriter who can then make better credit decisions.

Audience

This training is designed to build on a banker's existing knowledge of small business credit. It is recommended for bankers with an understanding of:

- Financial statements
- Tax returns
- The underwriting process
- Basic business accounting
- Small Business credit products



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