

MODULE SPECIFICATIONS

Certificate in Credit (CCR)

Level of Study: Foundation (Level 1)

Effective date: 1 September 2023

Version: 2.1

Inclusion of qualification time limit in Section F and module time limit in Section G

A. Module Aim

The Certificate in Credit (CCR) module equips banking executives with the technical skill set, knowledge, and tools to progress in the demanding and rapidly changing environment of credit risk management. It provides aspiring entrants and entry-level executives in the banking industry with an interest in credit to progress towards attaining the highest standards of becoming a credit professional.

B. Learning Outcomes (LO)

Upon completion of this module, candidates will be able to:

LO1 – Explain the components of the Malaysian financial system and their respective roles

LO2 – Demonstrate knowledge of laws and regulations impacting the Malaysian banking industry

LO3 – Explain the importance of good ethical practices and governance in lending

LO4 – Illustrate the credit process cycle, including lending principles and risk assessment criteria

LO5 – Apply the 5Cs credit risk assessment tool to evaluate business creditworthiness

LO6 – Apply the CAMPARI credit risk assessment tool to evaluate consumer loan-related creditworthiness

LO7 – Identify the different types of legal borrowers and the various laws governing them

LO8 – Describe the importance of verifying credit, including financial information pertaining to credit risk evaluation

LO9 – Describe the terms of loan agreements and documentation relating to non-property-based forms of security

LO10 – Describe the law and process of creating security over properties and the related documentation

LO11 – Summarise the purpose of guarantees and indemnities as credit support instruments and the law relating to documentation and enforcement

LO12 – Explain the accounting doctrines, principles, and policies in financial accounting

LO13 – Demonstrate an understanding of the various components of financial statement of accounts and their limitations in financial risk analysis

LO14 – Understand financial accounts to undertake financial risk analysis and identify creative accounting practices

LO15 – Assess management acumen, industry conditions and accounting policies, including goodwill impacting the borrower's business.

C. Learning Method

A combination of methods can be adopted that includes but not limited to:

- Workshops
- Discussions
- Seminars
- Self-study

D. Assessment

Examination (Pearson-Vue Online)	MCQ	Written	Assignment
Duration	2 hours		
Format	80 MCQs		
Passing mark	60%		

E. Syllabus Outline

#	Learning topics	Learning outcomes (LO)	Assessment criteria
1	The Malaysian financial system 1.1 Roles of the financial system 1.2 The banking system 1.3 Financial institutions and non-bank financial intermediaries 1.4 Non-bank lending organisations 1.5 The insurance industry 1.6 The capital market system 1.7 Capital market institutions and their roles	LO1 – Explain the components of the Malaysian financial system and their respective roles.	1. Discuss the Malaysian financial system and its roles. 2. Outline the characteristics of the key participants operating in the Malaysian financial system.
2	Laws and regulations in Malaysian banking 2.1 Regulations in the banking industry 2.2 A summary of the laws affecting the credit function 2.3 Key provisions of the Financial Services Act 2013 (FSA 2013) affecting the credit function	LO2 – Demonstrate knowledge of laws and regulations impacting the Malaysian banking industry	1. Relate the need for laws and regulations governing the Malaysian banking industry. 2. Distinguish the laws, regulations, guidelines, and ethics in banking. 3. Identify the key provisions of the Financial Services Act 2013 (FSA), and related legislation

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	2.4 Central Bank guidelines on credit and loans 2.5 Foreign Exchange Administration (FEA) rules and notices 2.6 Complementing and supporting regulations for the banking industry		regulating the credit risk function. 4. Identify Bank Negara Malaysia (BNM) guidelines on credit, including the key requirements of the FEA rules and notices affecting credit. 5. Identify and apply the relevant key provisions of the main laws and regulations affecting banking and credit.
3	Ethics and corporate governance 3.1 Banking ethics for banking executives 3.2 Understanding corporate governance in organisations	LO3 – Explain the importance of good ethical practices and governance in lending.	1. Outline the significance of ethics and corporate governance in lending activities. 2. Discuss the implementation of key provisions on ethics and corporate governance in lending practices.
4	Principles of lending 4.1 Introduction to lending 4.2 The credit process cycle 4.3 Principles of lending 4.4 Credit analysis: Credit risk assessment 4.5 Scope of credit risk assessment	LO4 – Illustrate the credit process cycle including lending principles and risk assessment criteria.	1. Describe the constituents of the credit risk process cycle. 2. Explain the principles of lending. 3. Demonstrate the approach and process to credit risk assessment.
5	The 5Cs credit risk assessment framework 5.1 The 5Cs framework	LO5 – Apply the 5Cs credit risk assessment tool to evaluate business creditworthiness.	1. Demonstrate the application of the 5Cs of credit when undertaking business credit risk assessment. 2. Distinguish the relevance of each component of the 5Cs in evaluating business credit risk.
6	The CAMPARI credit risk assessment framework 6.1 The consumer lending framework 6.2 The CAMPARI model	LO6 – Apply the CAMPARI credit risk assessment tool to evaluate consumer loan-related creditworthiness.	1. Demonstrate the application of the CAMPARI model when undertaking consumer-related credit risk assessment.

#	Learning topics	Learning outcomes (LO)	Assessment criteria
			<ol style="list-style-type: none"> 2. Distinguish the relevance of each component of the CAMPARI model in evaluating consumer credit risk.
7	<p>Borrowers and their legal status</p> <p>7.1 The legal relationship between the bank and the borrowing customer</p> <p>7.2 Borrower entities and their legal status: Types of borrowers</p> <p>7.3 Individual personal borrowers</p> <p>7.4 Registration of business borrowers</p> <p>7.5 Co-operative societies</p> <p>7.6 Clubs and societies</p> <p>7.7 Government organisations</p>	<p>LO7 – Identify the different types of legal borrowers and the laws governing them.</p>	<ol style="list-style-type: none"> 1. Distinguish the different borrowing entity types and their distinct characteristics. 2. Recognise the legislation governing the various types of borrowing entities and its implications.
8	<p>Credit information and its verification</p> <p>8.1 Credit information for risk assessment</p> <p>8.2 Information risk: Credit and fraud implication</p> <p>8.3 Sources of credit information</p> <p>8.4 Scope of credit information</p> <p>8.5 Quality of credit information and information verification</p> <p>8.6 Warning signals and observations during credit verification and processing</p> <p>8.7 Financial information of individuals, businesses, and companies</p> <p>8.8 Valuation reports and content</p>	<p>LO8 – Describe the importance of verifying credit, including financial information pertaining to credit risk evaluation.</p>	<ol style="list-style-type: none"> 1. Describe the importance and scope of credit information. 2. State the required credit information, sources of accessibility and the tools available for verification. 3. Explain the credit information verification process and the systems used. 4. Explain the required financial information for the different types of borrowers. 5. Interpret the valuation reports of collaterals based on the approach and methods adopted in the professional valuation exercise.

#	Learning topics	Learning outcomes (LO)	Assessment criteria
9	Loan agreement and documentation of non-property-based forms of security 9.1 The credit officers' and solicitors' roles 9.2 Loan documentation: The loan agreement 9.3 Events of default 9.4 Security requirement 9.5 Basic steps for taking a security 9.6 Securities and their documentation 9.7 Credit documentation 9.8 Unsecured lending	LO9 – Describe the terms of loan agreements and the documentation relating to non-property-based forms of security.	<ol style="list-style-type: none"> 1. Explain the purpose and main features of a loan agreement. 2. Describe the various forms of security and the related documentation. 3. State the purpose of proper legal documentation when granting loans. 4. Explain the rationale for imposing covenants including negative pledge. 5. Relate the use of power of attorney and statutory declaration in loan documentation.
10	Property security 10.1 Land and properties 10.2 Alienation of land 10.3 Land and land laws 10.4 Dealings over land: transfer, charges, assignments, and liens 10.5 Types of charges 10.6 Bankruptcy search 10.7 Documentation of a charge 10.8 Documentation of the deed of assignment 10.9 Documentation process 10.10 Disbursement of the loan	LO10 – Describe the law and process of creating security over properties and the related documentation.	<ol style="list-style-type: none"> 1. Explain aspects of the law, particularly essential provisions of NLC 1965, relating to property security documentation. 2. State the process relating to property security creation under different transaction scenarios. 3. Describe the security documentation process for properties without titles and non-landed properties.
11	Guarantees and indemnities 11.1 Guarantees 11.2 Enforcement of guarantees 11.3 An indemnity	LO11 – Summarise the purpose of guarantees and indemnities as credit support instruments and the law relating to documentation and enforcement.	<ol style="list-style-type: none"> 1. Describe the purpose and law for guarantees and indemnities. 2. Discuss the documentation process of guarantees and indemnities.
12	General accounting principles and policies 12.1 Management and financial accounting 12.2 Accounting practices 12.3 Accounting doctrines 12.4 Accounting principles 12.5 Accounting policies	LO12 – Explain the accounting doctrines, principles, and policies used in financial accounting.	<ol style="list-style-type: none"> 1. Describe the use of accounting doctrines in financial accounting. 2. Describe the accounting principles and policies applicable in financial accounting practices.

#	Learning topics	Learning outcomes (LO)	Assessment criteria
13	<p>Understanding financial statements</p> <p>13.1 Components of annual reports</p> <p>13.2 Fundamentals of the statement of financial position</p> <p>13.3 Fundamentals of the statement of comprehensive income</p> <p>13.4 Fundamentals of the cashflow statement</p> <p>13.5 Limitations of financial statements</p>	<p>LO13 – Demonstrate an understanding of the various components of financial statement of accounts and their limitations in financial risk analysis.</p>	<ol style="list-style-type: none"> 1. Demonstrate an understanding of the various components of an annual report. 2. Outline the fundamentals of the statement of financial position. 3. Outline the fundamentals of the statement of comprehensive income. 4. Highlight the fundamentals of the cash flow statement. 5. Discuss the non-financial information contained in the financial report. 6. Outline the limitations of financial statement analysis.
14	<p>Quantitative analysis of financial statements</p> <p>14.1 Characteristics of good financial analysis</p> <p>14.2 Pre-requisites to financial statement analysis</p> <p>14.3 Financing needs</p> <p>14.4 Critical assessment of the content of audited financial statements</p> <p>14.5 Use of ratios in analysing audited financial statements</p> <p>14.6 Practical aspects of statement of financial position analysis</p> <p>14.7 Practical aspects of statement of comprehensive income analysis</p> <p>14.8 Practical aspects of cashflow statement analysis</p> <p>14.9 Creative accounting</p>	<p>LO14 – Understand financial accounts to undertake financial risk analysis and identify creative accounting practices.</p>	<ol style="list-style-type: none"> 1. Describe the breadth and width of financial statement analysis required to identify and mitigate credit risk. 2. Demonstrate the computation and use of various ratios under different categories as a tools of credit risk analysis. 3. Discuss the link between financial statement ratios and credit risk issues. 4. Highlight the common creative accounting techniques employed by borrowers.

#	Learning topics	Learning outcomes (LO)	Assessment criteria
15	Qualitative aspects of financial statement analysis 15.1 Management and shareholders 15.2 Conditions 15.3 Accounting policies and statement review 15.4 Position 15.5 Goodwill	LO15 – Assess the management acumen, industry conditions and accounting policies, including goodwill impacting the borrower’s business.	<ol style="list-style-type: none"> 1. Discuss the importance of assessing the borrower’s character and business acumen in managing the operation. 2. Demonstrate an understanding of the knock-on impact of industry conditions on the borrower’s financial health. 3. Explain the consequences of inconsistent accounting practices on the borrower’s business. 4. Recognise the implications of the role of positions and goodwill to the borrower’s business.

F. Qualification Time Limit

The qualification time limit refers to the time allocated to candidates to complete all the required modules for a certificated programme at the respective level of study. Candidates must complete the programme within the stipulated qualification time limit upon enrolment, failing which they will lose all the passes accumulated and must re-apply to the programme.

The qualification time limit for Level 1 Foundation Certificated Programmes is **12 months**.

G. Module Time Limit

The module time limit refers to the time allocated to candidates to complete and pass the module after successful registration.

The module time limit starts once candidates have successfully registered to a module. The module time limit for this module is **12 months**. Please make sure you complete your module before the module time limit expires. Candidates who did not complete within the module time limit are required to re-register the module with full payment.

For more information on the qualification and module time limit, please refer to the [AICB Membership and Qualification Regulations](#).