MOODY'S ANALYTICS

eLEARNING

Problem Loans

DEVELOP DECISION-MAKING SKILLS TO MINIMISE AND MANAGE DEFAULT RISK

DURATION

10 hours

DELIVERY CHANNEL

eLearning

Course Modules:

1 Preventing Problem Loans

2 Monitoring Loan Integrity

3 Managing Problem Loans

4 Recovering Problem Loans

Contact us for more information at:

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COURSE OVERVIEW & BENEFITS

When a client experiences financial distress, its once-solid loan can quickly become a problem loan. To minimise the potential impact on their organisation's portfolio, lenders must be able to identify early warning signs of deteriorating credit and proactively work to reduce any increased risk exposure.

Problem Loans (PL) teaches participants how to recognise and respond to deteriorating credit conditions by leveraging the four-step Decision Strategy framework. By following the framework and asking questions relevant to the current view of a client's credit risk, participants can more easily identify and manage emerging problem loans in their portfolio, minimising effort, cost, and losses.

The course teaches participants how to recognise a business in financial distress, assess its viability, and communicate with the client effectively. It then examines the appropriate actions to take to manage covenant breaches and execute claims on guarantees and other credit enhancements. Lastly, it discusses when to transfer loans to recovery specialists, how to implement an effective recovery action plan, and how to apply lessons learned from recovered problem loans.

PL is an interactive, mobile-responsive course that includes case study-based application exercises and job aids that make it easy to quickly apply new skills on the job.

LEARNING OBJECTIVE

Learn how to prevent, monitor, manage, and recover problem loans.

COMPETENCIES GAINED

Participants will be able to:

- Identify early warning signs of deteriorating credit and respond to them before the client defaults.
- Apply dynamic loan monitoring techniques.
- Recognise when it is appropriate to downgrade a client's credit risk rating.
- Communicate effectively with clients in financial distress.
- Manage forbearance requests effectively.
- Respond to covenant breaches and take appropriate steps to execute claims on guarantees and other security.
- Assess restructuring proposals in light of a business's viability.
- Assess the impact of impaired loans on the organisation's capital.

TARGET AUDIENCE

PL is suitable for anyone involved in the commercial lending process, including credit analysts, underwriters, and relationship managers, as well as anyone involved in the second line of defence, such as loan reviewers, credit and risk officers, and auditors. It is also appropriate for business analysts who gather and analyse data at the portfolio level.