

## MODULE SPECIFICATIONS

### Commercial Lending (COL)

**Level of Study:** Chartered Banker (Level 3)

**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 Commercial Lending (COL) module develops a candidate's knowledge, understanding and skills relating to the commercial lending environment in the digital age, considering the key drivers of change, the challenges faced, and the impact on banks and customers, of technological developments and regulatory changes. Candidates will develop their abilities to build trust-based relationships with customers, appraise the creditworthiness of a business and propose suitable funding solutions to meet customers' needs in a competitive marketplace.

#### B. Learning Outcomes (LO)

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

LO1 – Differentiate between a range of commercial lending customer types and their funding needs

LO2 – Develop a robust relationship management strategy for a variety of bank customer segments

LO3 – Identify a range of financial and non-financial information that could be used to assess a business and the key risks inherent in a customer lending proposition

LO4 – Appraise the strategy, performance, and creditworthiness of a business, taking current and expected economic, market and sector factors into consideration

LO5 – Develop suitable funding solutions, including appropriate conditions, security, and covenants, that mitigate risk and meet the needs of both the customer and the bank.

LO6 – Consider a range of legal, regulatory, and ethical factors that can influence options for funding.

#### C. Learning Method – as provided by Chartered Banker Institute, UK

##### 1. Delivery methodology

- Self-study
- Self-assessment and reflective activities
- Case studies
- Online discussion forums
- Online knowledge checks at the end of each unit
- Applying learning at work
- Reviewing and reflecting on current practice
- Creating a personal development plan to develop candidates' skills and further enhance professional practice.

## 2. Learning resources

- An interactive study guide in pdf format.
- Textbooks and online resources for core reading.
- Recommended further reading and resources.

## D. Assessment

Examination (Pearson-Vue Online)	MCQ	Written	Assignment
Duration			
Format	6,000-word work-based assignment		
Passing mark	60%		

## E. Syllabus Outline

#	Learning topics	Learning outcomes (LO)	Assessment criteria
1	<p>The commercial lending environment</p> <p>1.1 The commercial lending environment and the impact of digitalisation on channel delivery</p> <p>1.2 Legal entities</p> <p>1.3 Specialist sectors</p> <p>1.4 Commercial customer life cycle stages</p> <p>1.5 Reasons for borrowing / funding needs</p> <p>1.6 Challenger banks: Impact on the commercial banking environment</p> <p>1.7 External trends and influences</p> <p>1.8 Commercial lending digital automation</p>	<p>LO1 – Differentiate between a range of commercial lending customer types and their funding needs.</p>	<ol style="list-style-type: none"> <li>1. Examine the evolution of the commercial lending environment and the impact of external trends and influences.</li> <li>2. Assess the different types of commercial customers as legal entities operating in different sectors and with different borrowing needs.</li> <li>3. Analyse the different life cycle stages of typical commercial lending customers.</li> <li>4. Analyse the core reasons for borrowing and how commercial banking teams satisfy those needs.</li> <li>5. Assess the impact of changing customer demands on the commercial lending marketplace.</li> </ol>

#	Learning topics	Learning outcomes (LO)	Assessment criteria
2	<p>Relationship management</p> <p>2.1 The role of the commercial lending manager</p> <p>2.2 Customer acquisition and retention</p> <p>2.3 Competitive advantage: Adding value as a trusted advisor</p> <p>2.4 Engaging with stakeholders and building networks</p> <p>2.5 Impact of technology on networking</p> <p>2.6 Customer segmentation and portfolio management</p> <p>2.7 Measuring success</p>	<p>LO2 – Develop a robust relationship management strategy for a variety of bank customer segments.</p>	<ol style="list-style-type: none"> <li>1. Examine the role of the commercial banking relationship manager and assess the extent to which a relationship manager can create value for both bank and customer.</li> <li>2. Identify a range of commercial customer segments.</li> <li>3. Develop relationship management strategies for acquiring and retaining commercial customers to maintain competitive advantage.</li> <li>4. Assess different ways of engaging with a diverse range of stakeholders.</li> <li>5. Consider ways of measuring the success of a commercial relationship manager.</li> </ol>
3	<p>Sources of information</p> <p>3.1 Types of financial information</p> <p>3.2 Annual statements and accounting policies</p> <p>3.3 Types of non-financial information</p> <p>3.4 External information used in credit assessment</p>	<p>LO3 – Identify a range of financial and non-financial information that could be used to assess a business and the key risks inherent in a customer lending proposition.</p>	<ol style="list-style-type: none"> <li>1. Assess different types of financial information used to assess the performance and creditworthiness of businesses.</li> <li>2. Identify the various annual statements and accounting policies that businesses must adhere to.</li> <li>3. Assess the different types of non-financial information that can be used to aid understanding of business risk and capability.</li> <li>4. Identify the key areas of focus when assessing the management capabilities of commercial customers.</li> </ol>

#	Learning topics	Learning outcomes (LO)	Assessment criteria
4	<p>Business analysis and financial accounting</p> <p>4.1 Analysis of financial and non-financial information</p> <p>4.2 Using strategic tools to understand customers</p> <p>4.3 External influences and internal impacts</p> <p>4.4 Cash flow analysis</p> <p>4.5 Financial ratios</p> <p>4.6 Customers in financial difficulty</p>	<p>LO4 – Appraise the strategy, performance, and creditworthiness of a business, taking current and expected economic, market and sector factors into consideration.</p>	<ol style="list-style-type: none"> <li>1. Assess both financial and non-financial information when looking at the risks within a customer lending proposition.</li> <li>2. Use a range of tools to help identify suitable non-financial information.</li> <li>3. Identify the various internal and external influences that impact a customer’s lending proposal.</li> <li>4. Assess why cash flow is critical in sustaining day-to-day business operations.</li> <li>5. Identify the causes of commercial customer financial difficulty and the remedies available.</li> <li>6. Use key financial ratios and assess the ways in which they support trend analysis.</li> </ol>
5	<p>Funding solutions</p> <p>5.1 Lending products and services</p> <p>5.2 Alternative sources of funding</p> <p>5.3 Types of security</p> <p>5.4 Covenants</p> <p>5.5 Key legal principles relating to the banker-customer relationship</p>	<p>LO5 – Develop suitable funding solutions, including appropriate conditions, security and covenants that mitigate risk and meet the needs of both the customer and the bank.</p>	<ol style="list-style-type: none"> <li>1. Assess a range of commercial lending products and services and how they can support the development of appropriate funding solutions.</li> <li>2. Identify different funding solutions and how they can support the needs of different commercial banking customers.</li> <li>3. Assess the different types of security that can be considered by banks and their effectiveness in mitigating risk.</li> <li>4. Assess the different types of covenants and how they may be effectively used to identify early warning signs of financial distress.</li> </ol>

#	Learning topics	Learning outcomes (LO)	Assessment criteria
			5. Recognise the key legal principles relating to the banker-customer relationship.
6	Legislation, regulation, and ethics 6.1 The role of the regulators 6.2 Knowing your customer (KYC) 6.3 Treating customers fairly 6.4 Data protection 6.5 Standards for business lending practices 6.6 Culture and conduct	LO6 – Consider a range of legal, regulatory, and ethical factors that can influence options for funding.	1. Examine the role of the regulators in influencing conduct and culture in commercial banking. 2. Assess the legal and ethical requirements of KYC and treating them fairly when satisfying their financial needs. 3. Assess the implications of KYC, treating customers fairly, and data protection for commercial relationship managers and their customers. 4. Assess the standards for commercial lending practice and the impact on the role of commercial lending managers.

## 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 3 Chartered Banker (CB) Programme is **24 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](#).