

€ TRAINING

Retail Credit Risk and Credit Scoring





Retail Credit Risk and Credit Scoring

Introduction:

Retail credit risk management is critical for ensuring the stability and profitability of lending operations, particularly in the context of increasing consumer borrowing. Credit scoring provides an essential tool for assessing borrower risk and making informed lending decisions. This training program equips participants with the knowledge and techniques to identify, measure, and mitigate retail credit risk using advanced credit scoring models and strategies, ensuring sound and sustainable lending practices.

Program Objectives:

By the end of this program, participants will be able to:

- Explore the fundamentals of retail credit risk and its impact on financial institutions.
- Develop and apply effective credit scoring models.
- Analyze borrower creditworthiness using quantitative and qualitative methods.
- Implement risk mitigation strategies in retail lending.
- Ensure compliance with regulatory requirements for credit risk management.

Target Audience:

- Credit Risk Analysts.
- Retail Banking Professionals.
- Loan Officers and Underwriters.
- Risk Management Specialists.
- Financial Analysts and Credit Managers.

Program Outline:

Unit 1:

Fundamentals of Retail Credit Risk:

- Definition and types of retail credit risk.
- The impact of credit risk on financial institutions.

- Factors contributing to credit risk in retail lending.
- Overview of the credit risk management process.
- Regulatory guidelines and frameworks for managing credit risk.

Unit 2:

Introduction to Credit Scoring Models:

- The role of credit scoring in retail lending.
- Key components of a credit scoring system.
- Types of credit scoring models: traditional and modern approaches.
- Developing and validating credit scoring models.
- Ethical considerations and fairness in credit scoring.

Unit 3:

Creditworthiness Assessment Techniques:

- Quantitative methods for assessing borrower risk.
- Qualitative factors in credit evaluation e.g., character, collateral.
- The role of credit bureaus and credit reports.
- Red flags and warning signs in borrower profiles.

Unit 4:

Risk Mitigation Strategies in Retail Lending:

- Techniques for minimizing credit defaults.
- Structuring loans to reduce risk exposure.
- Managing non-performing loans NPLs effectively.
- Early warning systems for credit risk detection.
- Developing policies for risk-based pricing and lending limits.

Unit 5:

Evaluating and Enhancing Credit Risk Strategies:

- Continuous monitoring of credit risk policies and procedures.
- Techniques for improving existing credit scoring models.
- Best practices for credit risk audits and reviews.
- Enhancing decision-making processes through data analysis.
- Aligning credit risk strategies with organizational goals.