



**Department of Banking and Finance  
Faculty of Commerce and Accountancy  
Chulalongkorn University  
Course Syllabus**

1. Course Number	2604465
2. Course Credit	3
3. Course Title	Credit Management
4. Faculty/Department	Banking and Finance
5. Semester	2
6. Academic Year	2017 (Second Semester)
7. Instructor	Sunti Tirapat
8. Condition	Prerequisite 2604361
9. Status	Elective
10. Curriculum	BBA
11. Degree	Undergraduate
12. Hours/Week	3

### 13. Course Description

Nature and scope of credit management; traditional approach in credit management (credit process flow, 5 C's policy, credit limits, credit control and follow-up); credit ratings; credit risk management; credit risk models; credit derivatives; key credit risk regulations for financial institutions.

#### Standards of conduct

Students in this course are required to adhere to the **academic integrity code**. The use of unauthorized materials, attempting to benefit from the work of other students, "*cutting and pasting approach*" is unacceptable. Doing so will severely reflect your performance.

Students should follow the code of **classroom etiquette** such as punctuality and non-disruptive behavior. **DO NOT** use your phone (checking mail, reading news, texting, etc.) during the class, if it is utterly important please do it outside the class room. If you cannot follow these standards please take other elective course. Breaching them will severely affect your grade.

### 14. Course Outline

#### 14.1 Main Objectives

	<b>Course objectives</b>	<b>Learning Outcome</b>	<b>Teaching Approach</b>	<b>Evaluation Approach</b>
1	Enable students to develop a general understanding of credit management framework and how to manage credit risk.	Knowledge	Lecture	Quiz and Exercise
2	Enable students to apply the tools and techniques of credit management into practices.	Ability to Think: Problem Solving	Exercise and Assignments and Case Study	Identification of the case study issues or assignments  Relevance and accuracy of the methodology used in the term paper
3	Enable students to organize and present the credit analysis.	Communication Skills	Project and Case Study Presentation	Observations during the presentation and class discussion

## 14.2 Contents

The course consists of two main components: 1) the quantitative analysis and 2) the qualitative analysis and practical issues in credit management. The topics of the practical issues include: credit facilities and loan contracts, credit report, common pitfalls in financial analysis for credit management, risk mitigations, etc. The **tentative** timetable is the followings:

Week	Description	Time MM/DD/YY	Course Objectives	Materials
1	<b>Overview of the course</b> - Objectives - Contents of the course - Evaluation	January 10 Room 135/1		
2	<b>Credit Process and Analysis</b> - Credit analysis flow - C's of credit management - Other variations	January 17 Room 135/1	1	Lecture Note
3	<b>Strategy and Industry Analysis</b> - What is strategy - Why should we care - Strategic analysis - Barriers to strategy	January 24 Room 135/1	1	Lecture Note
4*	<b>Practical issues in credit management I</b> - Project analysis - Evaluation and feasibility	February 3 Saturday	1	
5	<b>Credit Instruments and Landscape</b> - Consumer Credit and Credit Facilities - Role of Credit Rating Agencies - Role of Credit Registry/Bureau	February 7 Room 135/1	1	Lecture Note
6*	<b>Practical issues in credit management II</b> - Ratio analysis - Funding requirement analysis - Credit facilities	February 10 Saturday	1, 2	
7	<b>Alternative Finance</b> - Market Place Lending Platform - Microcredit  <b>Credit Risk Analysis: Basic Tools</b> - Distribution and basic simulation	February 14 Room 135/1		Lecture Note
8	<b>Credit Risk Analysis: Basic Tools</b> - Risk measure concept - Pricing of derivatives	February 21 Room 135/1		Lecture Note
9*	<b>Practical issues in credit management III</b> - Pitfalls in credit analysis - Preliminary project presentation	February 24 Saturday	1, 2	
10	<b>Credit Risk Models</b> - What is credit risk - Elements of credit risk - Overview of credit risk models - Using information from transition matrix	February 28 Room 135/1		Lecture Note

Week	Description	Time MM/DD/YY	Course Objectives	Materials
11	<b>Mid Term</b>			
12	<b>Credit scoring</b> - How to build credit scoring - Performance of the credit scoring model  <b>Estimating the Probability of Default using Equity Price</b> - Equity as a call option - Concept of structural form model	March 14 Room 135/1		Lecture Note
13	<b>Managing Credit Risk: Credit Derivatives</b> - Overview of credit derivatives - Pricing of credit default swap (CDS)  Case study: Saginaw Parts Co. and the General Motors Corp. Credit Default Swap	March 21 Room 135/1		Lecture Note
14*	<b>Practical issues in credit management IV</b> - Practical case studies in credit management - Other issues	March 31 Saturday	2,3	
15	<b>Managing Credit Risk: Credit Derivatives</b> - CDOs and others multi-name credit derivatives	April 4 Room 135/1		Lecture Note
16	<b>Understanding Credit Crisis of 2007</b> - What really happened?	April 11 Room 135/1		Lecture Note

\* = Guest

#### 14.3 Course Evaluation

Total Score = 0.20(Quiz) + 0.30(Assignment and Exercise) + 0.50(Project)

#### 15. List of Materials

##### 15.1 Required

Lecture notes

##### 15.2 Optional

**Credit Risk Management: How to Avoid Lending Disasters and Maximize Earnings** by Jetta Colquitt, McGraw-Hill, 2007.

**Credit Engineering for Bankers, 2nd Edition: A Practical Guide for Bank Lending** by Morton Glantz and Johnathan Mun, Academic Press, 2010.

**Credit Risk Modeling using Excel and VBA, 2<sup>nd</sup> Edition** by Gunter Löffler and Peter N. Posch, Wiley Finance Series, 2011.

### 15.3 Electronic/Web sites

<http://defaultrisk.com/>  
<http://www.moody.com/>  
<http://www.standardandpoors.com/ratings/en/us/>  
[http://www.fitchratings.com/index\\_fitchratings.cfm](http://www.fitchratings.com/index_fitchratings.cfm)

## **16. Teaching Evaluation**

### 16.1 Type of Evaluation

Written examination, report, discussion and presentation

**One sheet of A4**

1. Your Profile: Write Name, ID, and GPA

- Finance courses taken and grade
- Career interests
- Plan during the next 5 years

2. Why do you want to take this course?

3. Evaluate yourself in terms of

- Quantitative/computer skill
- Ability to learn on your own