



# Credit Assessment Memo (CAM)

## Process Workflow

The Performance improvement campaign proposed four non-instructional interventions that assist credit analysts at different levels of their performance phases. Among those interventions was a job aid in the name of ToolKit Library. This library serves as a centralized repository of resources for preparing a complete and consistent credit assessment memo (CAM) for diverse financing transactions and schemes. The ToolKit Library includes templates, spreadsheets, checklists, links, and the credit process workflow that will guide them through the CAM preparation process.

Credit analysts expect the process workflow to streamline their work, ensuring clarity, consistency, and efficiency in preparing CAMs. They rely on the document to navigate complexities and be able to make informed recommendations. They will understand the importance of effective collaboration to complete their work, fostering teamwork and professional growth.

### **Purpose of Credit Assessment Memo (CAM) Process Workflow**

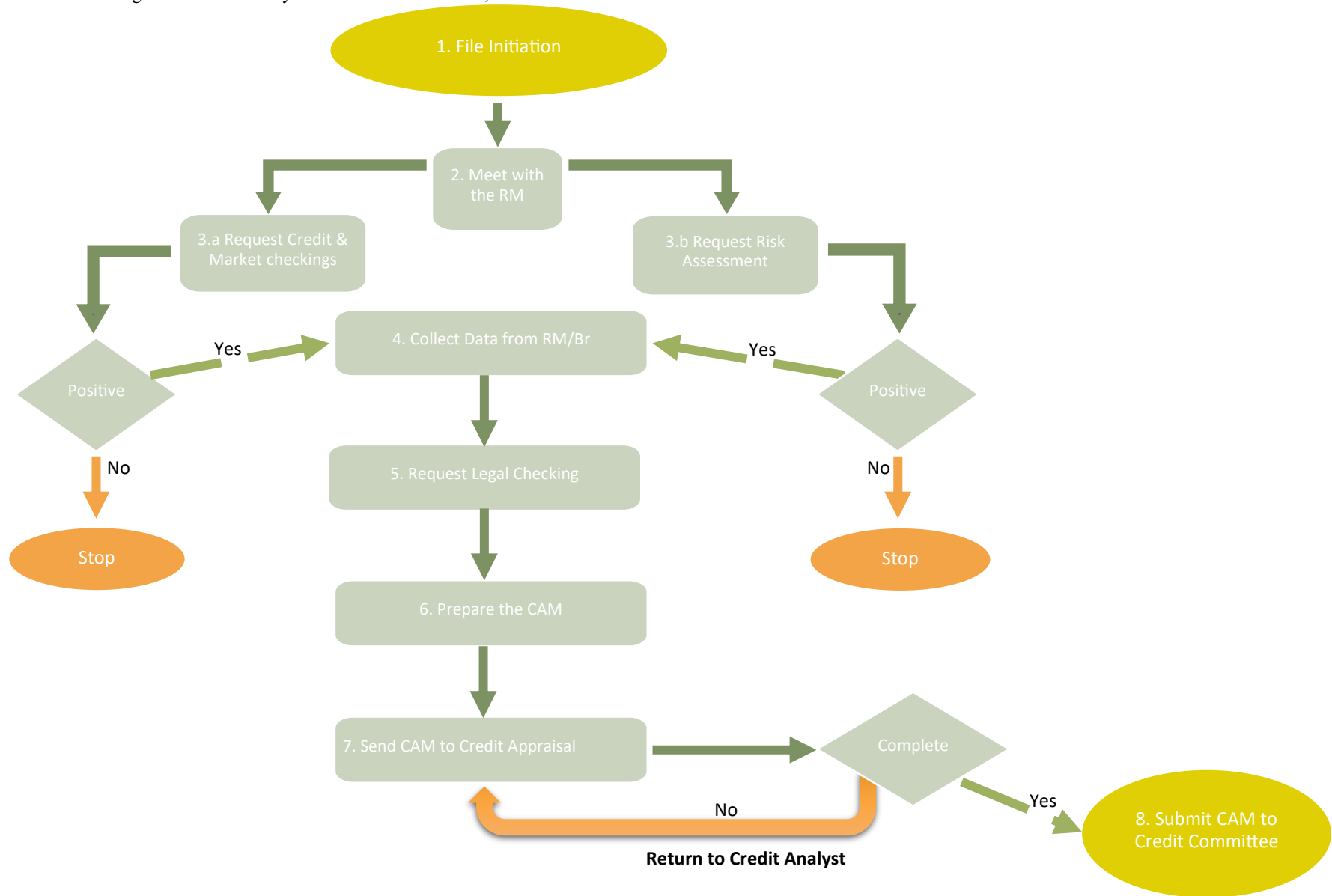
The process workflow document provides credit analysts with detailed instructions for preparing a CAM while addressing potential ambiguities during hand-off stages or transitions. It outlines the entire process, identifies key contacts, and explains the importance of each interaction, eliminating gray areas or oversights. The document includes a workflow map and an explanation for each step, to aid analysts in understanding and following the process effectively.

The process is designed to be straightforward. However, users may encounter challenges such as data inconsistencies, incomplete information, or complex financial structures. Thus, adaptability and problem-solving skills are crucial for overcoming such obstacles effectively. Certain skills are also required such as proficiency in financial spreadsheets, understanding financial figures and ratios, attention to detail in reviewing documents, strong communication and time management skills.



# CAM Process Workflow

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### 1. File Initiation

The Head of Credit Analysis Department assigns a credit analyst following receipt of a loan request from the relationship manager, the client, or upper management.

- **Concerned parties** are the Credit Analyst and the Head of the Credit Analysis Department .
- **Means of communication:** The Head of the Credit Analysis department sends an email or schedules a meeting with the credit analyst which can be conducted online through video conferencing or in-person.
- **Information provided:** the credit analyst receives basic information that includes: the borrower's name, type of credit, amount, purpose, proposed collaterals, and alignment of the request with the bank's lending policies and practices.
- **Challenges:** the credit analyst may encounter time constraints due to heavy workloads that require prioritization of loan requests based on urgency and complexity.
- **Ways to overcome:** the credit analyst should maintain clear communication channels with the head of the department and should follow criteria or guidelines for prioritizing loan requests based on risk, urgency, and strategic importance that help streamline the process.

### 2. Meet with the Relationship Manager (RM)

The credit analyst meets with the relationship manager (RM) who is the person interacting directly with the borrower and holds detailed information about the credit transaction.

- **Concerned parties** are the Credit Analyst and the Relationship Manager (RM).
- **Means of Communication:** the credit analyst sends an email or schedules a meeting with the RM which can be conducted online through video conferencing or in person.
- **Information provided** includes:



- borrower information including legal form, industry, size, and history with the bank
- loan purpose and structure: Is it for working capital, expansion, equipment purchase, or another purpose? Tenure? Mode and frequency of payment
- basic legal identification for credit checking purposes
- collateral and guarantees the borrower intends to offer for the loan
- **Challenges:** the credit analyst may
  - receive incomplete, inaccurate, or inconsistent information
  - face time constraints due to heavy workloads
  - encounter communication barriers, such as conflicting priorities between Relationship Managers (RMs) and their schedules
- **Ways to overcome:** the credit analyst should
  - establish and maintain open communication with the RM to clarify any unclear or missing information.
  - promptly request additional documentation or verification where necessary
  - prioritize effective time management and set information exchange and analysis deadlines.

### 3. a. Request Credit and Market Checking

The credit analyst obtains credit checking on the proposed borrower by completing and submitting the following two forms available within the templates section in the toolkit library:

- i. Central Des Risque (CDR) form which will be sent to the Central Bank by the credit inspection department.
  - ii. Credit Inspection form to obtain market information through credit agencies .
- **Concerned parties** are the Credit Analyst and the Credit Inspection Officer.



- **Means of communication:** the credit analyst sends an email to the credit inspection officer attaching properly filled forms.
- **Information provided** includes:
  - client's borrowings with other banks in the national market.
  - data from various sources, including lenders, financial institutions like insurance companies, utility companies, and public records.
- **Challenges:** the credit analyst may
  - receive inconsistent, accurate, or incomplete information.
  - encounter a situation where the proposed borrower holds a thin credit file with limited available information.
- **Ways to overcome:** the credit analyst should cross-reference data from multiple sources to verify accuracy and consistency.

**NOTE:** If the credit check returns with a negative result, the credit analyst should promptly cease processing the credit request, report the matter to the Head of the Department, who will inform senior management for further guidance, while also reaching out to the client for clarification on any discrepancies or issues detected during the credit-checking process.

### 3. b. Request Risk Assessment

The credit analyst should fill out the Risk Assessment Form available within the templates section of the toolkit library and email it to the Risk Department to conduct a macro-level risk assessment to ensure alignment with the bank's lending policies and portfolio limits.

- **Concerned parties:** the Credit Analyst and the Risk Management Officer.
- **Means of communication:** the credit analyst sends an email to the Risk Management Officer attaching a properly filled form.



- **Information provided** includes:
  - Evaluation of the proposed lending to the bank's risk appetite and portfolio diversification strategy.
  - Analysis of market conditions and industry trends identifying potential risks that may impact the bank's overall risk profile.
  - Currency Risk            - Political Risks
- **Challenges** the credit analyst may receive incomplete, inaccurate, or outdated data due to unavailability or insufficiency of required information.
- **Ways to overcome:** the credit analyst should collaborate with risk management and market research teams to gather relevant data and insights.

**NOTE:** If the risk assessment indicates that the proposed lending exceeds the bank's risk appetite or portfolio limits, the credit analyst should promptly cease processing the credit request, and report the matter to the Head of the Department, who will inform senior management for further guidance, while also reaching out to the client for adjustment of request or alternative solutions.

#### 4. Collect Documents from RM/Br

The credit analyst collects necessary documents for assessing borrower creditworthiness, obtaining essential documentation from the RM for new clients, and coordinating with Customer Services Officers at the branch should the borrower be an existing client.

- **Concerned parties:** the Credit Analyst, the Relationship Manager, and The Customer Services Officer at the Branch.
- **Means of Communication:** the credit analyst sends an email requesting all necessary data and documents. Subsequently, the credit analyst receives original documents via internal mail, while data is transmitted electronically through email.



- **Information provided** includes:
  - Original documents such as legal identification, ownership & management, contracts, and business plan.
  - Data within the bank's database such as account activity & profitability and record of previous transactions.
- **Challenges** the credit analyst may receive incomplete documents, and encounter discrepancies in data provided by the branch in addition to communication delays.
- **Ways to overcome:** the credit analyst should:
  - establish clear communication channels with all involved parties to address any issues.
  - utilize the document checklist available within the toolkit library to avoid oversight or omission of crucial documents.
  - utilize escalation protocols for soft resolution of issues causing delays during the process.

## 5. Request Legal Checking

Credit analyst sends the documents collected such as legal identification, ownership & management, contracts, and licenses for review and verification.

- **Concerned parties** are the Credit Analyst, the Legal Compliance & Verification Officer.
- **Means of Communication:** the credit analyst sends an email to the Legal Compliance & Verification Officer attaching copies of documents to be reviewed.
- **Information provided:** the credit analyst should receive:
  - clearance from the concerned officer confirming that the provided documents comply with legal requirements.



- recommendations for regularization or corrective actions if any discrepancies or non-compliance issues are identified by the legal compliance and verification officer.
- **Challenges** the credit analyst may encounter:
  - miscommunication challenges or lack of clarity regarding document requirements.
  - potential delays due to the time-sensitivity of legal checks, which may impede the overall credit process.
- **Ways to overcome:** the credit analyst should establish and maintain clear communication channels with the concerned officer to ensure mutual understanding of document requirements, legal standards, and compliance expectations.

## 6. Prepare the CAM

The credit analyst at this stage has compiled necessary and relevant documents and data necessary for credit analysis. Accordingly, the credit analyst analyzes the data and start preparing a complete and comprehensive credit assessment memo (CAM).

- **Concerned parties** are the Credit Analyst and the Head of the Credit Analysis Department
- **Means of Communication:** Communication can occur via email or a scheduled meeting which can be conducted online through video conferencing or in-person.
- **Information provided:** the credit analyst:
  - utilizes the CAM template and spreadsheets from the Toolkit Library to complete the CAM, ensuring that each section is filled with relevant data. Specific titles within each section guide the inclusion of relevant information, accompanied by hints for clarity.
  - depending on the nature of the financing request, the analyst utilizes appropriate templates such as those for equipment financing, working capital, trade, and project financing.





- **Challenges:** the credit analyst may encounter challenges in:
  - interpreting complex data.
  - managing tight deadlines and balancing multiple tasks amidst heavy workload demands.
- **Ways to overcome:** to overcome such challenges, the credit analyst should:
  - consult the toolkit library for samples of various financing types to guide the effective handling of diverse credit scenarios.
  - seek guidance and advice from senior officers or the head of the Department.
  - apply effective prioritization and time management strategies.

### 7. Send CAM to Credit Appraisal

The credit analyst submits the completed Credit Assessment Memo (CAM) to the Credit Appraisal Department for review and feedback to ensure the accuracy and quality of the credit assessment before final decisions are made. The Credit Appraisal Officer will carefully assess the CAM and provide comments or suggestions as needed.

- **Concerned parties** are the Credit Analyst and the Credit Appraisal Officer.
- **Means of Communication:** the credit analyst sends the CAM and relevant documents via internal mail, and communicates further clarifications, if requested, through email or scheduled meetings.
- **Information provided:** The credit appraisal officer reviews the file and adds comments.
  - If the comments include recommendations for approval or declination, the file proceeds to the next level.
  - If additional information or analysis is required, the file is returned to the credit analyst for further review and re-submission.



- **Challenges:** the credit analyst may encounter:
  - time constraints due to tight deadlines, or
  - lack of clarity in the feedback provided by the concerned officer which makes it difficult to determine the appropriate course of action.
  - miscommunication or misunderstandings with the credit appraisal officer.
- **Ways to overcome:** the credit analyst should:
  - establish and maintain clear communication channels and timelines for feedback and revisions.
  - request regular meetings with the concerned officer to ensure alignment and understanding.
  - seek clarification promptly if any aspect of the feedback is unclear.
  - document all communication and agreements to ensure mutual understanding.

## 8. Submit CAM to the Credit Committee

Once the CAM is cleared by the Credit Appraisal Department, the credit analyst submit the CAM with the entire credit file to the Credit Committee for review and respective decision.

## Appendix A: Information Sheet

Title	CAM Process Workflow
Client	First Local Bank (a hypothetical bank)
Type of Intervention	A Process
About this Intervention	The goal of the Process Workflow intervention in the Performance Improvement Campaign is to equip credit analysts with detailed instructions for preparing complete and comprehensive credit assessment memos (CAMs) while addressing potential ambiguities throughout the hand-off stages. Intended performers are credit analysts at all experience levels. This intervention is in line with the overall campaign objective of improving performance by providing detailed directions, resolving possible challenges, and promoting efficient collaboration. The objectives also include enhancing the quality of (CAM) and addressing challenges such as data inconsistencies and misinterpretation.
Production Tools Used	N/A
Unique Issues	<ul style="list-style-type: none"> <li>- Simplifying the process workflow to accommodate diverse financing schemes while maintaining clarity for all credit analysts at diverse levels of expertise</li> <li>- Designing a flexible workflow that can accommodate changes in policies, procedures, or technology development.</li> <li>- Ensure consistency across all steps by including the same sections in each, allowing users to easily locate necessary information.</li> </ul>
Your Contributions	<p>In preparing the process workflow, I consulted the bank's credit policy and procedures to ensure alignment. Additionally, I promoted the utilization of various templates within the Toolkit Library (another intervention within my performance improvement campaign) to ensure standardization of information exchange, facilitating consistent CAM preparation. I tried to anticipate common challenges that credit analysts may encounter and provided strategies to overcome them effectively.</p> <p>If I had the chance to seek assistance, I would've consulted the department heads involved in the process to gain insight into the types of information exchanged and the challenges encountered during this exchange. I would've also engaged with credit analysts to better understand their needs ensuring that the process workflow addresses their concerns effectively.</p>

## Appendix B: Design Statement

- When developing my process workflow, I referred to "Communicating Instructional and Informational Content" by Saul Carliner which offered valuable guidance on key elements to account for. Carliner underscores the significance of clarity and a user-centric approach throughout the process. One crucial aspect emphasized is the clear articulation of the purpose at the beginning of the procedure, ensuring that users understand the objectives they must achieve. In addition, Carliner recommends specifying the basic skills and expertise required for performers to properly apply the procedure. It is also advised to provide clear explanations for any potentially confusing terminology to avoid misunderstandings. Another important suggestion is to restrict steps to a maximum of 10 steps to avoid overwhelming users, whereby lengthy processes can be broken down into smaller sub-procedures to enhance comprehension. In addition, Carliner emphasizes the significance of clearly defining roles and duties, particularly in operations that require coordination among multiple personnel, to achieve flawless and effective application.
- When developing the process workflow, I attempted to include Rummler and Brach's concepts by identifying any gaps or disconnects existent between stages. Through a thorough analysis of hand-off points and communication channels, I identified particular areas that need to be addressed to optimize the flow of information. This involved precisely identifying all those involved, determining the means of communication, and defining acceptable standards of received information/data. This approach supports effective collaboration and enhances efficiency.
- It is worth noting that due to space constraints, I condensed some steps in the workflow process in terms of details regarding required information, challenges, and measures to overcome them. Additionally, certain steps have been omitted to adhere to page limits. However, I have made efforts to maintain the core and essence of the process workflow to reflect how a similar flow should be structured or integrated with various elements.