

Sault College of Applied Arts and Technology sault ste. mane

Course Outline

CREDIT & COLLECTIONS

MKT 205-3

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Text: Credit & Collections in Canada, 1969 edition, Ryerson

Reference Texts:

Consumer & Commercial Credit Management, Irwin

Credit & Collection, Principles & Practice, McGraw-Hill

GENERAL OBJECTIVES:

Credit granting is based on sound judgement. This course is designed to give the student a fundamental knowledge of analyzing credit risks and the procedures used in collecting overdue accounts. The student will be familiar with the various credit agencies in Canada and how to use the information available from these agencies. At the conclusion of the course the student will know:

- the effect of credit on our economy and how credit has developed as an acceptable means of financing domestic and international trade.
- the duties and responsibilities of the credit manager in both the consumer and mercantile fields of credit.
- the factors involved in credit investigation and analysis. The student will be able to analyze financial data and be familiar with the various ratios pertinent in assessing a credit risk.
- the various collection routines for both consumer and mercantile credit and the management of accounts receivable.
- the records to be maintained by a credit department and a knowledge of the various reports to be submitted to management.
- the services offered by the numerous credit agencies in Canada (The Associated Credit Bureaus of Canada, the Retail Credit Company of Canada, the Canadian Credit Men's Association, and Dun & Gradstreet).
- the documents used by credit managers for international credit trade.

Guest speakers from the mercantile, consumer and financial credit fields will address the students throughout the course to give the students a better insight into the credit function.

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METHOD OF ASSESSMENT

The following marking scheme will be used:

A	80% - 100%
B	70% - 79%
C	60% - 69%
I	below 60%

The student will be required to submit twelve (12) assignments during the semester. The student must maintain at least a "C" average on these assignments. If at the conclusion of the semester the student has not an acceptable average, he/she will be required to submit alternative assignments in the areas on which low grades were received.

During the semester three (3) tests will be given. Any student receiving an "I" incomplete on a test will be required to write a supplementary test.

The student's final grade will be based on the following criteria:

Assignments (12)	50%
Tests (3)	<u>50%</u>
	100%

Topic No

Periods

Topic Description

1

Credit - Medium of Exchange

- Effect on Purchasing Power
- Classification of Credit

The Economic & Social Concepts of Credit

- The role of Credit in our Economy
- Credit and The Business Cycle

Types of Consumer Credit

- Retail Charge Account
- Retail Revolving Credit
- Retail Installment Credit
- Cash Loan Credit

Management of Consumer Credit

- Retail Credit - Management
- Credit - Management in Financial Institutions
- Service Credit - Management

Planning the Credit Investigation

- what to investigate
- Investigation and verification
- How much to investigate
- Influence of Economic Conditions

Basis of the Credit Decision

- Direct Investigation
- Internal Company data
- Local Credit Bureaus
- Retail Credit Company
- Specialized Credit Bureaus

Decision Making, Limit Setting and Transaction Handling

- Grading
- Elements to be graded
- Numerical pointing plans
- Identification and Authorization

<u>Topic No</u>	<u>Periods</u>	<u>Topic Description</u>
		<u>Salesmanship and the Credit</u> - Sales from Credit Customer - How to get new credit customer - Selling Credit to the organization
		<u>Collection Policies & Practices</u> - Consumer Credit Insurance - General Collection System - Consumer Bankruptcy - Sound Collection Policy
10		<u>Business and Government Use Credit</u> - Nature of Business Credit - Public Credit vs Consumer Credit
11		<u>Export Trade Credit</u> - Currency and Exchange - Distance factor - Export Credit Insurance - Export Terms of Sale - Sources of foreign credit Information
12		<u>Management of Commercial Credit Sales</u> - Credit department in the organization - Basic functions of Commercial Credit Management - Data - Recording methods