

13 Credit Analyst

Get ready!

1 Before you read the passage, talk about these questions.

- 1 What does a credit analyst do?
- 2 How do banks decide if they should lend money to an individual?

This is a job with a lot of responsibility. A credit analyst determines a potential borrower's **creditworthiness**. The borrower could be an individual or a company applying for a new loan or a line of credit.

Credit analysts must gather financial documentation about the applicant. This typically includes a **financial history** and, in the case of a company, the most recent **financial statements** and documented **cash flow**. The analyst then **reviews** the documents to formulate a clear picture of the applicant's income, assets, spending activity, payment history, and ability to **meet** additional debt **obligations**. The analyst does this in order to **project** the likelihood of **repayment**. Lastly, the analyst makes a recommendation to the loan or credit officer to either accept or reject the application.

Careers in Banking:

Credit Analyst

credit analyst

review financial documentation

Reading

2 Read this page from an employment website. Then, mark the following statements as true (T) or false (F).

- 1 ___ The analyst prepares a financial history for the applicant.
- 2 ___ A financial statement is used to determine creditworthiness.
- 3 ___ The analyst makes the final decision on loan applications.

Vocabulary

3 Match the words (1-6) with the definitions (A-F).

- | | |
|------------------|---------------------------|
| 1 ___ cash flow | 4 ___ financial history |
| 2 ___ obligation | 5 ___ financial statement |
| 3 ___ repayment | 6 ___ evaluate |

- A to determine the value of something
- B the spending and receiving of money
- C paying back a loan
- D something that must be done
- E past behavior with money and expenses
- F document of a company's financial activity

4 Fill in the blanks with the correct words or phrases from the word bank.

Word BANK

creditworthiness meet project
review credit analyst

- 1 The _____ recommended we give the loan.
- 2 Employees will _____ the application before making a decision.
- 3 The banks _____ greater earnings next quarter.
- 4 The Wilsons always _____ their debt requirements.
- 5 Because Joe lacked _____, he could not get a loan.

- 5 Listen and read the web page again. Whose ability to pay back loans does a credit analyst assess?

Listening

- 6 Listen to a conversation between a loan officer and a credit analyst. Check (✓) the items that describe the potential borrower.

- 1 sufficient capital reserves
- 2 strong cash flow
- 3 must pay higher interest rate
- 4 qualifies for smaller loan

- 7 Listen again and complete the conversation.

Loan Officer: So, what is your assessment of their creditworthiness?

Credit Analyst: Well, 1 _____, they have adequate capital reserves.

Loan Officer: Okay, that was my impression as well.

Credit Analyst: However, I'm 2 _____ that it makes up for their insufficient cash flow.

Loan Officer: Really?

Credit Analyst: A company their size should be 3 _____ at least 15% more revenue.

Loan Officer: Okay, so 4 _____ rejecting their application?

Credit Analyst: 5 _____ that's necessary. But I'd 6 _____.

Loan Officer: Perhaps we can modify the loan. Maybe reduce the amount or raise the rate slightly.

Credit Analyst: I'm not confident that a higher rate will make much difference in terms of risk.

Loan Officer: I see.

Credit Analyst: Your best bet is to discuss the possibility of a smaller loan, at least until they can increase their cash flows. If that happens, I can re-evaluate them.

Speaking

- 8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

What is your assessment ...?

Would you recommend ...?

I'm not confident ...

Student A: You are a credit analyst. Talk to Student B about:

- the applicant's cash flows
- the applicant's creditworthiness
- your recommendation

Student B: You are a loan officer. Ask Student A about the loan applicant.

Writing

- 9 Use the conversation from Task 8 to fill out the credit evaluation.

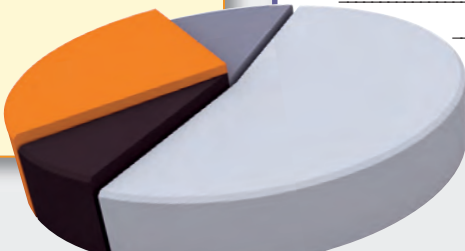
Credit Evaluation

Loan applicant: _____

Are the applicant's cash flows sufficient? Why? Why not?

Is the applicant creditworthy? Why? Why not?

Recommendation for applicant:



14 Phone Banker



Get ready!

1 Before you read the passage, talk about these questions.

- 1 What are some reasons for people choosing telephone banking?
- 2 What are the benefits of making transactions by telephone?

February 9

Jack Niles, Manager
Kopps Savings Bank
485 Elm Street, Jefferson, IL



Dear Valued Account Holder,

We would like to tell you about our new **telephone banking** system. This is not just another **automated answering system**. This is an opportunity for us to offer you great **customer service**!

Starting March 1, you will have access to our **call center**. **Phone bankers** will be available during normal business hours. You'll be able to **complete** all **transactions** by phone if you choose. Our phone bankers have the same capabilities as any other banker. Call to **resolve issues** with your account or to make money transfers.

We hope that you enjoy our new telephone banking system.

Sincerely,
Jack Niles



call center

Reading

2 Read the letter. Then, choose the correct answers.

- 1 What is this letter mostly about?
 - A how to become a telephone banker
 - B the benefits of telephone banking
 - C how to make transactions via telephone
 - D issues with automated answering systems
- 2 Which is NOT included in the letter?
 - A the capabilities of phone tellers
 - B the hours that the service will be available
 - C the price of the telephone banking service
 - D a starting date for the telephone banking system
- 3 What is one benefit of phone banking?
 - A It is faster because it is automated.
 - B It helps bank customers save money.
 - C All transactions can be made by phone.
 - D Customers can reach tellers after business hours.

Vocabulary

3 Match the words or phrases (1-4) with the definitions (A-D).

- | | |
|----------------------------------|---------------------------------------|
| 1 ___ issue | 3 ___ transaction |
| 2 ___ automated | 4 ___ customer service |
| A an exchange of money | B operating without human involvement |
| C meeting the needs of customers | D a problem or complaint |

4 Fill in the blanks with the correct words or phrases from the word bank.

Word BANK

resolve complete telephone banking call center
phone banker answering systems

- The banker needed an account number to _____ the transaction.
- A client scheduled a meeting to _____ the problem.
- _____ allows people to bank from any location with a phone.
- Two hundred people work at the _____.
- A _____ has the same duties as any other banker.
- Many _____ are automated and need no human operator.

5 Listen and read the letter again. When will the new service begin?

Listening

6 Listen to a conversation between a phone banker and a customer. Mark the following statements as true (T) or false (F).

- ___ The man wants to make a withdrawal.
- ___ The woman asks for the man's password.
- ___ The man must visit the bank to complete the transaction.

7 Listen again and complete the conversation.

Banker: Kopps Savings Bank. 1 _____ help you?

Customer: I'm calling to make a 2 _____.

Banker: Okay. Your name and 3 _____ number please?

Customer: Chris Riley. 285 023 5519.

Banker: Thank you, Mr. Riley. What kind of 4 _____ would you like to make today?

Customer: I want to move \$400 from my 5 _____ into savings.

Banker: We can do 6 _____.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

How may I ...?
What kind of transaction ...?
We can ...

Student A: You are a telephone banker. Talk to Student B about:

- the transaction
- identification
- what is required

Student B: You are calling a phone banker. Talk to Student A about the transaction you want to make.

Writing

9 Use the letter and the conversation from Task 8 to update the banking file.



Phone Teller: _____

Customer Name: _____

Account Number: _____

Desired Service: _____

Glossary

- acceptable** [ADJ-U3] If something is **acceptable** it is allowed by the rule of law or social norms.
- accounting fraud** [N-UNCOUNT-U7] **Accounting fraud** is a misrepresentation of company funds for financial gain.
- alter** [V-T-U5] To **alter** is to change something.
- alternative** [ADJ-U1] If an investment is **alternative** it is something other than traditional investments of stocks, bonds, or real estate.
- antivirus software** [N-UNCOUNT-U8] **Antivirus software** is a program that is used to prevent or combat computer viruses and spyware.
- apprehend** [V-T-U9] To **apprehend** someone is to arrest or stop him or her.
- armed** [ADJ-U9] If someone is **armed**, he or she has a weapon.
- arrest** [V-T-U7] To **arrest** is to take someone into legal custody.
- asset quality** [N-UNCOUNT-U12] **Asset quality** is the probability of a loan defaulting.
- bank crisis** [N-COUNT-U13] A **bank crisis** is a situation in which factors in the economy cause unusually high risks for the banking industry as a whole.
- bank license** [N-COUNT-U14] A **bank license** is a permit that a bank must have to operate by law.
- bankruptcy** [N-COUNT-U13] **Bankruptcy** is a position of being legally unable to pay one's debts and usually involves a voluntary declaration of being so.
- bear** [V-T-U3] To **bear** something, as in a cost or a risk, is to take it upon oneself, or take responsibility for it.
- bogus** [ADJ-U8] If something is **bogus**, it is not real or legitimate.
- books** [N-COUNT-U7] **Books** are financial records.
- breach** [V-T-U14] To **breach** something is to break a rule or contract.
- building society** [N-COUNT-U2] A **building society** is a member owned financial institution that provides financial services including mortgage lending.
- camera** [N-COUNT-U9] A **camera** is a device that records pictures or videos.
- capital requirement** [N-COUNT-U15] A **capital requirement** is a minimum amount of money or assets that a bank must have available or accessible for normal business operations.
- capital adequacy** [N-UNCOUNT-U15] **Capital adequacy** is a measure of a bank's capital against potential losses.
- capital ratio** [N-COUNT-U14] A **capital ratio** is a bank's ratio of assets to debt.
- card not present transaction** [N-COUNT-U6] A **card not present transaction** is a purchase made by phone or on the Internet where the physical credit card isn't used.
- card security code** [N-COUNT-U6] The **card security code** is a group of three or four numbers on a credit card used during card not present transactions.
- cash equivalents** [N-COUNT-U12] **Cash equivalents** are highly liquid assets that can be quickly converted into cash.
- central bank** [N-COUNT-U4] A **central bank** is a public institution that controls a nation's money supply, regulates interest rates, and oversees the nation's other banking institutions.
- check fraud** [N-UNCOUNT-U5] **Check fraud** is an instance where checks are used illegally to acquire money.
- check kiting** [N-UNCOUNT-U5] **Check kiting** is an illegal act where money is put into an account before the float period to conceal an act of fraud.
- circular kiting** [N-UNCOUNT-U5] **Circular kiting** is an illegal act where multiple bank accounts are used to commit fraud by transferring nonexistent sums back and forth.
- club account** [N-COUNT-U10] A **club account** is a savings account opened for a particular purpose that receives interest.
- collateral** [N-UNCOUNT-U3] **Collateral** is property pledged as security on the payment of a loan.
- collection costs** [N-COUNT-U11] **Collection costs** are payments which allow for debts to be collected.