



**CCP ADVANCED LEVEL**

**PILOT PAPER**

**ADVANCED COLLECTIONS MANAGEMENT**

**December 2021.**

**Time Allowed: 3 hours.**

**Answer ALL questions. Marks allocated to each question are shown at the end of the question.**

**QUESTION ONE**

- (a) It is important to note that an order to obtain information is not an enforcement order and will not by itself produce payment. It is exactly what its name suggests, namely a method of discovering useful information. This information may be used to select the most effective enforcement method and to target it effectively.

**Required:**

Summarise eighty types of useful information for enforcing judgment on a debtor. (8 marks)

- (b) Describe six requirements of an effective performance measurement method. (6 marks)

- (c) In the context of insolvency and protracted default, identify losses that are excluded from credit insurance policies. (6 marks)

**(Total: 20 marks)**

**QUESTION TWO**

- (a) Discuss three ways debt collection agencies use technology to collect debts. (6 marks)

- (b) Examine four consequences of uncoordinated dispute resolution process. (4 marks)

- (c) With reference to Non-Performing Asset (NPA), evaluate three provisioning requirements. (6 marks)

- (d) Summarise four ways of effectively utilizing sales people in Debt collection. (4 marks)

**(Total: 20 marks)**

**QUESTION THREE**

- (a) Highlight five source of queries that affect the collection of debts. (5 marks)

- (b) Explain five considerations that should be made when serving a claim to a debtor. (5 marks)

- (c) Evaluate five Comprehensive Credit Controls that should be established by a collection manager to minimise vulnerabilities. (10 marks)

**(Total: 20 marks)**

**QUESTION FOUR**

It is easy for creditors to be lured by the lowest-cost provider when shopping for a collection agency, but if the company uses dubious methods to collect the debt, it can irreparably harm its business. It also can damage its reputation, which limits the ability to attract new customers. In view of the many complaints about harassment by debt collectors there is a proposal in place to enact a Fair Debt Collection Practices Act and a committee has been set up to receive comments from stakeholders.

**Required:**

- (a) Propose seven points that should be included in the Proposed Act. (7 marks)
  - (b) Summarize seven similarities between Debt Collectors and Salesmen. (7 marks)
  - (c) Evaluate three ways of deciding between Collection letters and phone calls to collect overdue debts. (6 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Describe four reasons for using Aged Debtors Analysis in Debt Collection. (4 marks)
- (b) Assess six options that a collection department can use before assigning an account to Third- Party collectors. (6 marks)
- (c) Procedures for collection by SACCO requires the SACCO's management to act immediately in collecting overdue loans. Likewise, the purpose of the SACCO's action is to prevent as far as possible resorting to court action.

**Required:**

- (i) Analyse three activities that must be carried out before commencing collection action. (3 marks)
  - (ii) Identify Seven Benefits of Computer Aids to streamlining Collection. (7 marks)
- (Total: 20 marks)**
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