



CERTIFIED CREDIT PROFESSIONALS (CCP)

ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 21 April 2026. Morning Paper.

Time Allowed: 3 hours.

This paper consists of five (5) questions. Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

Delta Manufacturing Ltd. sells finished goods in both domestic and export markets. The management is concerned about rising overdue receivables and has extracted the following operational information for the month of March 2026:

Domestic and Export Receivables:

Category	Current	1–30 Days	31–60 Days	61–90 Days	Over 90 Days	Total
Domestic	84m	46m	38m	24m	58m	250m
Export	52m	29m	18m	21m	40m	160m
Total	136m	75m	56m	45m	98m	410m

Internal Collection Process Observations:

1. No updated collection policy has been issued in the last 3 years.
2. Collection officers use different reminder timelines.
3. Export customers are followed up in the same way as domestic customers.
4. Weekly aging reports are prepared but are not reviewed in management meetings.
5. Collection officers are not given account-specific targets.
6. Sales staff continue to negotiate with overdue customers without involving credit control.

Required:

- (a) Prepare a collection policy framework for Delta Manufacturing Ltd. under the following headings:
- (i) Debtor segmentation. (4 marks)
 - (ii) Staff roles and approval authority. (4 marks)
- (b) Using the data provided under domestic and export receivables together with the internal process observations, design a monthly collection monitoring dashboard showing **TWO** key indicators management should track. For each indicator, state:
- (i) What it measures. (4 marks)
 - (ii) Why it is useful for accountability. (4 marks)
- (c) (i) Prepare a brief internal advisory note to the management identifying **TWO** process failures in the current collection cycle. (2 marks)
- (ii) Explain how each failure contributes to the growth in overdue receivables. (2 marks)

(Total: 20 marks)

QUESTION TWO

Omega Credit Ltd. is a medium-sized trade finance provider specialising in wholesale and distributor financing. The management is reviewing accounts aged 180 days and above.

Portfolio Risk Position

1. Portfolio at Risk (PAR 180+) = 21%
2. Substandard accounts = 9%
3. Doubtful accounts = 7%
4. Loss accounts = 5%
5. IFRS 9 impairment provisions increased by 40% in the last reporting year due to Stage 3 migration

Recovery Characteristics of 180+ Portfolio

1. 40% of 180+ accounts are secured by movable collateral.
2. Collateral resale values have fallen by 30% over the last year.
3. 30% of debtors have formally requested restructuring.
4. Trade credit insurance covers buyers representing 25% of the doubtful portfolio.
5. Litigation recovery takes an average of 24 months.
6. Legal costs average 18% of claim value.

Required:

- (a) Using the information provided above, prepare a recovery decision matrix for the 180+ days portfolio showing how management should prioritise the following strategies:
- (i) restructuring/rescheduling (2 marks)
 - (ii) collateral realisation (2 marks)
 - (iii) trade credit insurance claim (2 marks)
 - (iv) legal enforcement (2 marks)
- (b) Prepare a short paper for the Board assessing **THREE** limitations of relying on trade credit insurance as a recovery tool, given the current level of insurance coverage. (6 marks)
- (c) Prepare a financial risk briefing for management evaluating **THREE** risks of adopting a litigation-first strategy for the 180+ days accounts. (6 marks)
- (Total: 20 marks)**

QUESTION THREE

Zeta Industrial Supplies Ltd. is a regional distributor supplying construction materials to contractors and hardware wholesalers on 45–60-days credit terms.

Exhibit 1: Portfolio summary

1. Total receivables: Sh 1.2 billion
2. 28% of receivables are above 90 days
3. 60% of overdue balances are concentrated in 18% of customers

Exhibit 2: Collection and sales control issues

1. Several large customers are disputing overcharges and delayed deliveries.
2. Sales managers continue approving new orders for overdue accounts.
3. Collection officers rely mainly on reminder emails.
4. There is no debtor segmentation framework.
5. Management reports do not separate disputed balances from delinquent balances.
6. There is no checklist for legal referral, third-party collection or write-off decisions.

Required:

- (a) (i) Design a debtor segmentation model for Zeta Industrial Supplies Ltd. Using **THREE** classification criteria. (3 marks)
- (ii) For each criterion, show how it would help prioritise collection efforts. (3 marks)

- (b) Prepare a diagnostic review identifying **FOUR** weaknesses in the current collection approach by explaining how each weakness affects:
- (i) Recovery performance. (4 marks)
 - (ii) Customer relationships. (4 marks)
- (a) Assume you are the Collections Manager at Zeta Industrial Supplies Ltd., prepare a 30-day recovery action plan for high-risk accounts, setting out **THREE** interventions to improve collections on balances above 90 days.
- Your answer should indicate the:
- (i) Intervention (2 marks)
 - (ii) Responsible officer. (2 marks)
 - (iii) Intended effect. (2 marks)
- (Total: 20 marks)**

QUESTION FOUR

Vertex Distributors Ltd. supplies industrial equipment across East Africa under 60-days credit terms. Three major accounts have defaulted

Account A: Domestic buyer

1. Outstanding amount: Sh.45 million.
2. Buyer claims goods supplied were defective.
3. Goods were delivered 5 months ago.
4. The buyer has not issued a formal rejection note.

Account B: Foreign buyer

1. Amount outstanding: USD equivalent of Sh.62 million.
2. Contract contains an arbitration clause under UNCITRAL Rules.
3. Buyer is based outside Kenya.
4. Delivery documents and signed invoices are available.

Account C: Local company

1. Amount outstanding: Sh.18 million.
2. The debtor acknowledged the debt in writing 4 years ago.
3. No payment has been made since then.
4. No suit has been filed.

Required:

- (a) Prepare a pre-action legal review checklist showing **FOUR** issues management must resolve before commencing formal recovery proceedings against the three debtors. (8 marks)
- (b) For account B, prepare an arbitration commencement memo explaining **THREE** procedural matters that management must evaluate before starting arbitral proceedings. (6 marks)
- (c) (i) For account A, prepare a short commercial dispute resolution recommendation assessing whether mediation is more viable than litigation. (3 marks)
- (ii) Explain **THREE** reasons in support of your recommendation in (i) above. (3 marks)
- (Total: 20 marks)**

QUESTION FIVE

Swift Recovery Ltd. manages collections for multiple financial institutions. Its operating model includes outsourced and automated collection processes.

Current Operating Model

1. AI-powered predictive payment behaviour models.
2. Automated SMS and email reminders.
3. Third-party call centre paid commission of 12% of recovered amounts.

4. No real-time reconciliation between agency remittances and internal ledger.
5. Inconsistent reporting from outsourced agencies.
6. No documented performance evaluation framework for external agencies.

Current Control and Compliance Problems

1. Rising complaints of harassment.
2. Rising complaints of misuse of customer data.
3. 25% of recoveries reversed due to allocation errors.
4. Regulator has issued a warning citing reputational and consumer protection concerns.

Required:

- (a) Prepare an ethical risk assessment identifying **FOUR** ethical risks arising from Swift Recovery Ltd.'s current outsourcing arrangement. (8 marks)
 - (b) Design a third-party agency oversight framework recommending **THREE** control mechanisms that management should implement to improve supervision and reduce reputational risk. (6 marks)
 - (c) Assess **THREE** advantages of AI-enabled collections in promoting fair and consistent customer treatment. (6 marks)
- (Total: 20 marks)**
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CERTIFIED CREDIT PROFESSIONALS (CCP)

ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 2 December 2025. Morning Paper.

Time Allowed: 3 hours.

This paper consists of five (5) questions. Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) Distinguish between “extraction of decree” and “execution of decree”. (4 marks)
 - (b) State **FOUR** challenges that could be faced by businesses when reviewing the credit cycle. (4 marks)
 - (c) Explain **SIX** factors that could determine the percentage of partial payment a debtor is allowed to make when settling a debt. (12 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) State **FOUR** benefits of using trade credit insurance in debt recovery. (4 marks)
 - (b) Explain **FOUR** essential components of a monitoring and reporting framework designed to measure the performance of external debt collection agencies. (8 marks)
 - (c) Describe **FOUR** reasons for measuring the performance of credit assets. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Identify **FOUR** customer relationship risks associated with aggressive debt collection. (4 marks)
 - (b) Assess **FOUR** benefits of maintaining good relationships between the debt collection department and other departments within an organisation. (8 marks)
 - (c) Discuss **FOUR** challenges of using the aging analysis report in debt collection. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Explain **THREE** effects of filing an Acknowledgement of Service in a civil claim. (6 marks)
 - (b) State **SIX** Collection Effectiveness Index (CEI) distortions caused by unapplied receipts. (6 marks)
 - (c) Examine **FOUR** major factors that influence the design of effective collection policies. (8 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Outline **SIX** reasons why companies should sign a written contract with debt collection agencies. (6 marks)
 - (b) Discuss **THREE** legal implications associated with the attachment and sale of property as a debt recovery measure. (6 marks)
 - (c) Following repeated reminders and collection efforts, certain debts remain unpaid. Explain **FOUR** reasons that may justify writing off such debts. (8 marks)
- (Total: 20 marks)**

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 19 August 2025. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) State **SIX** obligations in the context of the insured in trade credit insurance. (6 marks)
 - (b) Enumerate **SIX** training and development practices essential for maintaining a high-performing debit collection team. (6 marks)
 - (c) Evaluate **FOUR** reasons why establishing an internal debt collection unit enhances the effectiveness of debt recovery. (8 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Identify **THREE** types of fees paid to debt collectors. (6 marks)
 - (b) Analyse **THREE** components of the collection effectiveness index (CEI). (6 marks)
 - (c) Explain **FOUR** risks of assigning a high number of active customers to a single collection's officer. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Differentiate between “preventive collections” and “active collections” of arrears. (4 marks)
 - (b) Discuss **FOUR** techniques of dealing with stakeholder conflicts during the debt collection process. (8 marks)
 - (c) Describe **FOUR** implications of maintaining a large credit portfolio in the doubtful debt classification category. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Summarise **FOUR** reasons why customers prefer partial payment plans. (4 marks)
 - (b) Propose **FOUR** components of an integrated customer service and credit response plan. (8 marks)
 - (c) Explain **FOUR** features of charging order method of enforcing judgement. (8 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Highlight **FOUR** characteristics of an effective debt collector. (4 marks)
 - (b) Describe **FOUR** roles of *locus standi* in legal debt collection process. (8 marks)
 - (c) Discuss **FOUR** applications of International Financial Reporting Standard (IFRS) 9 - Financial instruments, in managing the non-performing assets (NPAs). (8 marks)
- (Total: 20 marks)**

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

WEDNESDAY: 23 April 2025. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) (i) Distinguish between the following legal terms as used in credit insurance: “Protracted default” and “legal indebtedness”. (4 marks)
- (ii) Insurance premium always reflects the capability and readiness of the insurer to take over certain risks considering the existing and potential competition. With reference to this statement, state **FOUR** factors that insurance companies should consider when determining the premium for an insurance cover in collection management. (4 marks)
- (b) Describe **THREE** reasons why a collections manager is required to understand the business cycle. (6 marks)
- (c) Discuss **THREE** policies followed by financial institutions for effective provisioning of loans. (6 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Highlight **FOUR** reasons for convening a pre-trial conference when collecting debt through the legal process. (4 marks)
- (b) Examine **FOUR** challenges of dispute management that hamper collection efforts. (8 marks)
- (c) By categorising accounts receivable into different segments, the credit department can tailor their collection strategies to maximise recovery and minimise costs.

Required:

- Evaluate **FOUR** ways for segmenting accounts receivable based on risk and payment behaviour. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Explain how the following collections performance indicators (KPIs) are monitored:
- (i) Aging of accounts receivable (A/R). (3 marks)
- (ii) Debt collection rate. (3 marks)
- (iii) First payment resolution rate. (3 marks)
- (b) Identify **FIVE** measures applied by credit managers to address the problem of backlog in debt collection. (5 marks)
- (c) Assess **THREE** benefits of maintaining a proactive accounts receivable management system. (6 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Enumerate **FOUR** benefits of implementing a robust debt collection strategy. (4 marks)
- (b) Analyse **FOUR** effects of unapplied receipts on the financial performance of a company. (8 marks)
- (c) Third-party collection agencies are companies hired by creditors or lenders to recover unpaid debts from consumers or businesses. These agencies do not own the debt but act on behalf of the original creditor, typically receiving a commission or a percentage of the amount collected.

With reference to the above statement, discuss **FOUR** issues that may hinder debt collections agencies from meeting their targets. (8 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) Discuss **THREE** types of injunctions available in a creditor versus debtor court case. (6 marks)
- (b) Describe **THREE** procedures that a creditor should follow in order to initiate a legal action to recover a debt from a borrower who has failed to make payment. (6 marks)
- (c) With reference to collection performance measurements and reporting, asses **FOUR** roles of monthly management reports. (8 marks)

(Total: 20 marks)

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 3 December 2024. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) Credit insurance is a type of insurance policy purchased by a borrower that pays off one or more existing debts in the event of death, disability or in rare cases of unemployment.

With reference to the above statement, outline **FOUR** benefits of using credit insurance brokers. (4 marks)

- (b) Assess **FOUR** effects of outstanding debts on a company's performance metrics. (8 marks)

- (c) When faced with unpaid debts, businesses often consider either placing accounts with a debt collection agency or filing an insurance claim to recover losses. Both options have their merits, placing accounts for collections offers several distinct advantages that make it a more effective and efficient solution.

Evaluate **FOUR** reasons why placing accounts for collections with a debt collection agency is better than filing a civil suit. (8 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Explain **FOUR** effects of non-performing loans on a bank's performance. (4 marks)

- (b) Propose **FOUR** factors to consider when designing a bad debt write-off policy. (8 marks)

- (c) Discuss **FOUR** ways in which the sales department could assist in debt collection. (8 marks)

(Total: 20 marks)

QUESTION THREE

- (a) (i) Explain the term "average collection period" as used in debt collection measurement. (2 marks)

(ii) Enumerate **FOUR** ways a credit manager could apply the average collection period formula in calculating the payment period. (4 marks)

- (b) Drafting contracts with debt collection agencies is a critical process that requires careful consideration to protect the interests of both parties and ensure compliance with legal, ethical and business standards.

Discuss **THREE** clauses that should be included in a debt collection contract. (6 marks)

- (c) Examine **FOUR** factors a credit manager should consider before pursuing a legal action on a debtor. (8 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) Summarise **SIX** contents of a well-designed collection check list for successful debt collection. (6 marks)

- (b) Assess **FOUR** customer relations schemes used by companies to motivate their customers to settle outstanding debts. (6 marks)

- (c) Evaluate **FOUR** roles played by an aging debtors summary in collection processes. (8 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) In the context of legal debt collection process, highlight **FOUR** circumstances in which a petition filed by the creditor may be dismissed. (4 marks)
- (b) Assess **FOUR** factors considered by credit managers when overhauling a debt collection policy. (8 marks)
- (c) Discuss **FOUR** steps a credit manager could take to ensure effective outsourcing of debt collection services. (8 marks)

(Total: 20 marks)

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 20 August 2024. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) Outline **FOUR** non-financial incentives used to motivate collections' staff. (4 marks)
 - (b) Summarise **FOUR** reasons for developing a debtors' reminder letter system. (8 marks)
 - (c) Discuss **FOUR** effects of non-performing assets on the borrower. (8 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) For large entities, provision of credit to customers results to a portfolio of debtors with different capabilities and holding small to significant amounts of amounts receivable to the creditor. So as to prioritise collection exercises and attain optimal revenue collection, the 80/20 pareto rule has been a darling to many.

Required:

- State **FOUR** shortcomings of the 80/20 rule as used in debt collection, prioritisation. (4 marks)
 - (b) Not every credit customer pays dues to a creditor without friction and as such some debtors prove to be so hard to collect from with other fully failing to pay. With reference to this, analyse **FOUR** options available to a creditor when it is impossible to persuade a borrower to pay. (8 marks)
 - (c) The result of a civil suit for debt collection is a judgement as pronounced by court. Assuming a favourable judgement is granted to the creditor, explain **FOUR** principles of enforcing debtor's judgment. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Describe **THREE** guidelines for minimising invoice disputes. (6 marks)
 - (b) Discuss **THREE** credit control measures that could be adopted to reduce probability of default. (6 marks)
 - (c) Evaluate **FOUR** factors that might be considered when selecting collection department's key performance indicators (KPIs). (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) State **SIX** reasons why businesses outsource their credit control services. (6 marks)
 - (b) Examine **THREE** costs incurred by lenders due to non-performing assets. (6 marks)
 - (c) Describe **FOUR** guidelines that credit insurers apply when analysing credit risks. (8 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Highlight **SIX** forms of leverage applied to encourage errant customers to pay. (6 marks)
 - (b) Explain **FOUR** components of collection agencies remittances. (8 marks)
 - (c) Discuss **THREE** consequences of delivering an unpleasant customer experience in debt collection. (6 marks)
- (Total: 20 marks)**

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 23 April 2024. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) Enumerate **SIX** principles of domestic credit insurance. (6 marks)
- (b) Describe **THREE** processes of effective debt collection practices. (6 marks)
- (c) Analyse **FOUR** steps of creating an accounts receivable aging report for organisations that operate manual systems. (8 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Describe **THREE** types of judgements granted without hearing parties to the case. (6 marks)
- (b) Explain **THREE** consequences of adopting the use IFRS 9 in the banking sector. (6 marks)
- (c) Joyce Kalekye has completed her Credit Management examinations and has joined your credit department in debt collection section as a debt collection executive.

With reference to the above statement:

Advise Joyce Kalekye on **FOUR** areas she should work on to become a successful debt collector. (8 marks)

(Total: 20 marks)

QUESTION THREE

- (a) Enumerate **SIX** factors that may necessitate a change of debt collection policy. (6 marks)
- (b) Assess **THREE** shortcomings of a third-party debt order as used in civil suits for debt collection. (6 marks)
- (c) Evaluate **FOUR** factors to consider in making a choice between using collection agencies and in-house debt collection. (8 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) Explain **THREE** situations under which payment disputes and deductions, are said to occur. (6 marks)
- (b) Describe **THREE** tasks performed by outsourced accounts receivable teams. (6 marks)
- (c) Discuss **FOUR** credit management functions provided by accounts receivable softwares. (8 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) State **FOUR** reasons that may compel collection agencies to increase their fees. (4 marks)
- (b) Discuss **FOUR** ways on how a collections department can navigate economic challenges. (8 marks)
- (c) Assess **FOUR** impacts of non-performing assets on the economy. (8 marks)

(Total: 20 marks)

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 5 December 2023. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) Outline **SIX** options available to the defendant upon being served with a claim. (6 marks)
- (b) Describe **THREE** risks excluded in a trade credit insurance policy. (6 marks)
- (c) Evaluate **FOUR** strategies banks could undertake to address the problem of non-performing assets. (8 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) State **SIX** best practices in dispute management. (6 marks)
- (b) Assess **THREE** parameters used to segment customers for purposes of debt collection. (6 marks)
- (c) Identify **FOUR** strategies managers use to motivate their debt collection teams. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Summarise **THREE** limitations of exercising retention of title rights. (6 marks)
- (b) Examine **THREE** indicators that could point a problem with company's collection practices. (6 marks)
- (c) Discuss **FOUR** clauses of a debt collection contract. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Enumerate **FOUR** objectives of prudential guidelines in debt classification. (4 marks)
- (b) Analyse **FOUR** types of costs incurred in the management of bad debts. (8 marks)
- (c) Distinguish between the following legal terms as used in debt recovery suits:
- (i) "Pleadings" and "Locus standi". (4 marks)
- (ii) Explain **TWO** ingredients of Locus standi. (4 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Identify **SIX** areas in which credit staff could enhance their relationships with sales department. (6 marks)
- (b) Discuss **THREE** benefits of aged receivables report. (6 marks)
- (c) The following information was extracted from the statements of Wendo Ltd. for the month of April 2023:

Balances and activities for April:

- Debtor balance on March 31 Sh.1,000,000
- April credit sales Sh.250,000
- Payments received on April debtors Sh.200,000
- Payments received for outstanding receivables Sh.500,000

Required:

Calculate the collection effectiveness index (CEI).

(8 marks)

(Total: 20 marks)

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CCP ADVANCED LEVEL
ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 22 August 2023. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) (i) Differentiate between “Decree” and “Judgment”. (4 marks)
- (ii) Enumerate **FOUR** contents of a judgement. (4 marks)
- (b) Examine **THREE** reasons that may compel collection agencies to increase their charges. (6 marks)
- (c) Analyse **THREE** factors that a credit manager could consider when developing a debt collection strategy. (6 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) State **FOUR** support services offered by insurance companies in debt collection. (4 marks)
- (b) Poor cash flow is one of the key reasons for business failure among start-ups.
- With reference to the above statement, discuss **THREE** ways an entrepreneur could manage start-up cash. (6 marks)
- (c) Analyse **FIVE** loan classification categories under prudential guidelines as issued by the Central Bank. (10 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Outline **FOUR** attributes of a good debt collection performance measure. (4 marks)
- (b) Assess **FOUR** ways of improving the process of debt collection. (8 marks)
- (c) Examine **FOUR** guidelines that collection professionals could use to help them get the best results from outsourced collection agencies. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) (i) Distinguish between “Debt outsourcing” and “Debt sale”. (4 marks)
- (ii) Enumerate **FOUR** benefits of debt sale. (4 marks)
- (b) Highlight **FOUR** measures that could help simplify the past-due payments process. (4 marks)
- (c) Analyse **FOUR** measures available in enforcing judgement to get payment. (8 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Discuss **THREE** hurdles of the debt collection process. (6 marks)
- (b) Assess **THREE** behavioural strategies applied to enhance debt collection performance. (6 marks)
- (c) Evaluate **FOUR** benefits of accounts receivable aging report. (8 marks)
- (Total: 20 marks)**

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 25 April 2023. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) (i) Distinguish between “Proportional Reinsurance” and “Non-Proportional Reinsurance”. (4 marks)
- (ii) Outline **FOUR** contents of a credit insurance policy. (4 marks)
- (b) Highlight **SIX** disadvantages of recovering debts through the legal process. (6 marks)
- (c) Building and managing relationships is one of the most important skills that a credit manager can possess.

With reference to the above statement, discuss **THREE** ways that a credit manager could use to improve the relationship between credit department and sales department. (6 marks)

(Total: 20 marks)

QUESTION TWO

- (a) State **FOUR** attributes of successful debt collectors. (4 marks)
- (b) Describe **FOUR** steps for developing a non-performing loans strategy. (8 marks)
- (c) Discuss **FOUR** factors that a credit manager should consider when evaluating the performance of a debt collection agency. (8 marks)

(Total: 20 marks)

QUESTION THREE

- (a) Explain **THREE** benefits of engaging independent staff to manage loan recovery. (6 marks)
- (b) Describe **THREE** challenges faced by banks in the implementation of International Financial Reporting Standard (IFRS) 9. (6 marks)
- (c) Propose **FOUR** advantages of developing a workable debt repayment plan. (8 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) Suggest **THREE** ways in which a credit manager could improve the Collection Effectiveness Index (CEI) as a measure of debt collection performance. (6 marks)
- (b) Collections involve at times visiting one’s debtors for negotiations.

With reference to the above statement, highlight **SIX** actions a debt collector should take prior to meeting a debtor. (6 marks)

- (c) Analyse **FOUR** services offered by a credit department to customers for enhanced customer relationships in the credit business. (8 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) State **FOUR** rules that govern issue and service of summonses in civil suits for debt recovery. (8 marks)
- (b) Summarise **SIX** steps taken in making a debtors’ budget. (6 marks)
- (c) (i) Explain the term “Garnishee order”. (2 marks)
- (ii) Describe **FOUR** options available to a judgement debtor once a garnishee order has been issued. (4 marks)

(Total: 20 marks)

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 6 December 2022. Morning Paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) Outline **FOUR** ways in which a credit manager could utilise the services of collection agencies on difficult accounts. (4 marks)
 - (b) Discuss **FOUR** debt collection guidelines that management should consider when preparing a debt recovery strategy. (8 marks)
 - (c) Examine **FOUR** techniques that could be applied by the collections department to improve on customer relations. (8 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) (i) Describe the term “credit assets impairment”. (2 marks)
 - (a) (ii) List **FOUR** events that might suggest evidence of credit assets impairment. (4 marks)
 - (b) Outline **FOUR** disadvantages of the threat of winding up or bankruptcy. (4 marks)
 - (c) Enumerate **FOUR** effects of nonperforming assets on a bank’s performance. (4 marks)
 - (d) Propose **THREE** methods that could be applied to improve day sales outstanding (DSO). (6 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Highlight **FOUR** benefits of developing collection letters’ reminder system. (4 marks)
 - (b) Describe **THREE** methods used to protect accounts receivable other than trade credit insurance. (6 marks)
 - (c) (i) Explain the meaning of the term “counter claim”. (2 marks)
 - (c) (ii) Summarise **FOUR** steps for recovering a debt through a civil suit. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Highlight **FOUR** reasons for withholding supplies for defaulting clients. (4 marks)
 - (b) Describe **FOUR** reasons why customers might delay payments. (8 marks)
 - (c) Evaluate **FOUR** clauses contained in a debt collection contract. (8 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Enumerate **SIX** ways in which the 80/20 rule is used in debt collection. (6 marks)
 - (b) Summarise **SIX** remedial measures that could prevent marginal account loss. (6 marks)
 - (c) Evaluate **FOUR** strategies used to improve recovery rates when structuring payment plans. (8 marks)
- (Total: 20 marks)**

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 2 August 2022. Morning paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) In relation to Debt Re-arrangement Schemes, explain the following terms:
- (i) Debt Review. (2 marks)
 - (ii) Standstill Agreements. (2 marks)
 - (iii) Voluntary Debt Restructuring. (2 marks)
- (b) Evaluate four company practices that make receivables difficult to collect. (8 marks)
- (c) Examine three aspects that a credit manager should consider when designing an incentive plan for a dispute resolution team. (6 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Describe three approaches of estimating the allowance/provision of uncollectable accounts receivables. (6 marks)
- (b) Highlight six business challenges that insurers face when they expand their trade credit insurance products to small and micro enterprises. (6 marks)
- (c) Examine four reasons why consumers prefer a specific collection model. (8 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Explain the following employee performance measurements as used in credit department:
- (i) Active Debtor Accounts per employee. (3 marks)
 - (ii) Operating Cost per Employee. (3 marks)
 - (iii) Transaction Turnover per Employee (3 marks)
- (b) Discuss three costs incurred in legal debt collection process. (6 marks)
- (c) Outline five reasons why lenders are moving to outsourcing some of their debt collection. (5 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) Outline six mistakes that could delay debt collection. (6 marks)
- (b) Assess six areas that a credit manager should educate sales people on in order to improve collection of debts. (6 marks)
- (c) Propose four credit control practices that a credit manager should avoid in order to achieve efficiency in debt collections. (8 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Mara Moja Ltd. manufactures medical products and sells them directly to hospitals. The company has been experiencing a rapidly growing receivables asset with a severe aging profile and substantial exposure to bad debts loss.

Required:

As a credit professional, propose five solutions that could help the management increase their cash flow and reduce the high exposure to bad debt loss. (5 marks)

- (b) Explain five guidelines that a debt collector could apply when collecting debts from a government agency. (5 marks)

- (c) Highlight four characteristics of a collection activity plan. (4 marks)

- (d) Propose three practices of excellent debt dispute management in an organisation. (6 marks)

(Total: 20 marks)

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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

TUESDAY: 5 April 2022. Morning paper.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question. Do NOT write anything on this paper.

QUESTION ONE

- (a) (i) Explain the term “demand letter”. (2 marks)
- (ii) Enumerate six contents of a demand letter. (6 marks)
- (b) List six factors that should be considered in determining the premium payable under Trade Credit Insurance. (6 marks)
- (c) Explain the following terms used to measure the performance of a credit department:
 - (i) Collection Effective Index (CEI). (2 marks)
 - (ii) Best possible days sales outstanding (DSO). (2 marks)
 - (iii) Bad debt percentage. (2 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Analyse three key factors that should be considered when designing a debt collection plan. (3 marks)
- (b) Explain five criteria that could be used to segment debt. (10 marks)
- (c) Describe three areas of cooperation between credit department and accounts department with reference to collection of debt. (3 marks)
- (d) Highlight four main objectives of negotiating for a payment plan. (4 marks)

(Total: 20 marks)

QUESTION THREE

- (a) Discuss five options available for enforcing a judgement issued against a debtor for recovery of debt. (10 marks)
- (b) State five disadvantages of hiring a debt collection agency. (5 marks)
- (c) Assess five factors that debt collectors could consider in pricing their service. (5 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) Examine four internal reasons for the high growth rate of non-performing assets (NPAs) in lending institution. (8 marks)
- (b) Explain the importance of evaluating the following in the preparation of effective debt collection:
 - (i) Long term focus of shareholders. (2 marks)
 - (ii) Return on Investment ratio. (2 marks)
 - (iii) Gearing levels. (2 marks)
- (c) Describe three actions a debtor could take when served with default summons. (6 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) Assess eight ways that a Credit Manager could use to improve collection procedures. (8 marks)
- (b) With reference to Non-Performing Asset (NPA) describe three provisioning requirement. (6 marks)
- (c) Highlight three basic requirements of a Digital Collection Service Provider. (3 marks)
- (d) Discuss three disadvantages of attachment of earnings orders. (3 marks)

(Total: 20 marks)

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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 loses 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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CCP ADVANCED LEVEL

ADVANCED COLLECTIONS MANAGEMENT

THURSDAY: 16 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) Lending is considered a good and acceptable practice in the world of business, but debt collection could be the difference between business success or failure.

With reference to the above statement, analyse four factors to consider before hiring a debt collection agency. (8 marks)

- (b) (i) Explain the term “trade credit insurance policy”. (2 marks)
(ii) List four benefits of taking trade credit insurance in a business. (4 marks)
- (c) Propose three options that a bank could pursue to minimise the impact of non-performing loans (NPLs). (6 marks)
(Total: 20 marks)

QUESTION TWO

- (a) Discuss three factors to consider before proceeding with debt recovery through the legal system. (6 marks)
- (b) Explain three ways that the management of a company could make use of the ageing debtors analysis. (6 marks)
- (c) Analyse four approaches a credit collector could use to encourage his debtors to pay their bills and invoices faster. (8 marks)
(Total: 20 marks)

QUESTION THREE

- (a) In the context of customer visits, analyse five types of customer visits used by debt collectors. (5 marks)
- (b) Discuss four categories of debtor personalities. (8 marks)
- (c) Describe seven characteristics of a plaintiff. (7 marks)
(Total: 20 marks)

QUESTION FOUR

- (a) Analyse six instances when a loan is deemed to be Non-Performing. (6 marks)
- (b) The following account receivables data was extracted from the books of Terox Ltd.

Date of invoice	Age period	Outstanding in period Sh. '000'	Credit sales in period Sh. '000'
31/05/2020	Current	3,000	5,000
30/04/2020	1-30 days past due date	3,000	6,000
31/03/2020	31-60 days past due date	2,000	5,000
	Total receivables	8,000	16,000

Number of days:

- A year = 365
Six months = 182
Quarter of a year = 91
A month = Actual

Required:

Calculate:

- (i) Standard DSO. (3 marks)
- (ii) Best possible DSO. (3 marks)
- (iii) Delinquent DSO. (3 marks)

- (c) Summarise five measures that can be taken by collections staff to suspend credit terms to customers who do not meet credit standards. (5 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) Mokolo Bilanga has just graduated as a Credit Professional and started a Credit Management Consultancy majoring in credit services. His client Komeko Enterprises has experienced tremendous growth in debtors' portfolio and have approached Mokolo to assist them in hiring a collection manager.

Required:

Advise Mokolo on six responsibilities that he should consider when interviewing applicants for the Collection Manager's position. (6 marks)

- (b) Many creditors refer debts they are unable to collect to third-party commercial collection agencies. The creditors always wonder how collection agencies are able to collect debts after their in-house collection efforts failed.

Required:

With reference to the above statement, evaluate four reasons why third party collection agencies succeed after in-house collection efforts fail. (8 marks)

- (c) Explain the following classifications of non-performing assets:

- (i) Doubtful (3 marks)
- (ii) Sub-standard (3 marks)

(Total: 20 marks)

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