

Title	Develop, implement, and review credit policy		
Level	5	Credits	10

Purpose	People credited with this unit standard are able to: <ul style="list-style-type: none"> – demonstrate knowledge of credit policy; – develop a credit policy; – implement a credit policy; and – review credit policy.
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Classification	Financial Management > Credit Management
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Available grade	Achieved
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Guidance Information

- 1 Legislation applicable to this unit standard includes:
 Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
 Companies Act 1993;
 Construction Contracts Act 2002;
 Credit Contracts and Consumer Finance Act 2003;
 Human Rights Act 1993;
 Personal Properties Security Act 1999;
 Privacy Act 2020.
- 2 Definitions
Continuing basis, for the purpose of assessing this unit standard, means over a three-month period.
Industry practice includes policies, procedures and standards that competent practitioners in the industry recognise as current industry best practice.
Organisational practice includes documented policies, procedures, and practices pertaining to credit.
- 3 This unit standard may be assessed on-job in the workplace using naturally occurring evidence or in off-job simulated work situations designed to draw upon similar performance to that required in work in a credit administration and/or credit management context.
- 4 All evidence must be in accordance with organisational practice where possible, otherwise evidence may be based on industry practice.

Outcomes and performance criteria

Outcome 1

Demonstrate knowledge of credit policy.

Performance criteria

1.1 Describe the strategic direction, risk appetite, and values of a business.

1.2 Explain the purpose of a credit policy.

1.3 Describe business rules and legislation relevant to a credit policy.

Range legislation may include but is not limited to – Personal Property Securities Act 1999, Credit Contracts and Consumer Finance Act 2003, Companies Act 1993, Anti-Money Laundering and Countering Financing of Terrorism Act 2009, Construction Contracts Act 2002.

1.4 Describe risk management strategies to mitigate financial losses.

Range strategies may include but is not limited to – progressive billing, securities and guarantees, factoring, credit insurance, payment inducements, terms and credit limits, stopping of credit.

1.5 Document the levels of delegated authority.

1.6 Document recovery procedures for overdue accounts.

Outcome 2

Develop a credit policy.

Performance criteria

2.1 Develop a credit policy consistent with business requirements.

Outcome 3

Implement a credit policy.

Performance criteria

3.1 Communicate credit policy to staff in an appropriate format.

Range includes but is not limited to – nature of credit policy, reason for change, effect(s) of change; appropriate formats may be based on but are not limited to – staff roles and responsibilities, significance of credit policy.

3.2 Align procedures for storage, retrieval, and use of credit information with credit policy and legislative requirements.

3.3 Explain how to monitor the implementation of credit policy and advise the outcome of non-compliance.

Range may include but is not limited to – granting of credit, credit limits, stop credit, collection of overdue accounts, repossession of goods, write-offs.

Outcome 3

Review credit policy.

Performance criteria

3.1 Review credit policy on a continuing basis and recommend change.

Range may include but is not limited to – the economic climate, the organisation's strategic direction and objectives, market forces, the total indebtedness in the accounts receivable ledger and the cash flow requirements of the organisation.

Planned review date	31 December 2029
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	30 August 1999	31 December 2013
Revision	2	22 October 2002	31 December 2013
Review	3	28 June 2005	31 December 2021
Rollover and Revision	4	15 November 2012	31 December 2021
Rollover and Revision	5	22 May 2014	31 December 2021
Review	6	18 June 2015	31 December 2023
Review	7	24 September 2020	31 December 2027
Review	8	27 March 2025	N/A

Consent and Moderation Requirements (CMR) reference	0121
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This CMR can be accessed at www.nzqa.govt.nz/framework/search/index.do.

Comments on this unit standard

Please contact Ringa Hora Services Workforce Development Council qualifications@ringahora.nz if you wish to suggest changes to the content of this unit standard.