

Executive Certificate
In
Micro Credit Finance Management
For Licensed Moneylenders

INTRODUCTION

Borrowing money from moneylenders is not something new in Malaysia. The low-income group and small-scale business operators frequently seek the services of moneylenders for emergency purpose. They will not go to banks or other financial institutions because the rules are quite stringent or they need to produce collaterals. Money lending is a legally accepted business in Malaysia, which is bound to Money **Lenders Act 1951 (Amended) 2003**. However the current fiasco created by the illegal moneylenders (Ah Long) has damaged the image of the licensed moneylenders.

There are more than 3,000 licensed moneylenders in Malaysia, of who mostly inherited their businesses from their parents. Many of them have no formal qualification in finance or banking. They are operating based on their formal education and have minimal records of their operation.

The time has come now for the licensed moneylenders to move forward in their business. They must enhance the image of this industry. Money lending should be upgraded as a career. Therefore the licensed moneylenders need formal training and certification, so that they can operate their business systematically and expand it without problem.

Therefore, the licensed moneylender must undergo a certificate level training on Micro Credit Financing. This programme will enhance the knowledge of licensed moneylenders on many issues pertaining the operation of money lending business and at the same time, money lending can be recognized as a career. Furthermore, the Ministry has urged Malaysian Licensed Money Lenders Association (MILMA) to come up with proper training

programmers to enhance the skills and knowledge of the licensed moneylenders. Therefore, the introduction of this programmed in collaboration with University Teknologi Malaysia will be the most appropriate step to further legitimize this industry in Malaysia.

OBJECTIVE

To provide opportunity for the licensed moneylenders to obtain formal certification related to their industry

To enhance the knowledge of licensed moneylenders in matters and issues related to their business

To enhance the image of this industry as a complementary financing institution to the banks especially for those who need immediate loans

To enable the licensed moneylenders to feel comfortable and proud of their career

TARGET

All licensed moneylenders in Malaysia.

CONTENTS

MODULE 1: GENERAL ACCOUNTING, FINANCIAL ANALYSIS & CONTROL

SYSTEM

Introduction

Money lending is one of the traditional businesses for those who are operating it at the moment. The moneylenders will normally do simple accounts to maintain the financial activities. Therefore most of them might not keep their financial reports properly due to their inability to do general accounts. This module will introduce the basic accounting and the preparation of accounts for auditing purposes and the interpretation of financial reports to the students.

Objective

To introduce the importance of general accounting to the Money lending business

To enable the students / moneylenders to prepare accounts and able to interpret the accounts

To maintain the accounts properly

Course Contents

General Accounting

Preparing Basic Accounts for Credit Management & Analysing the Report

Building & Interpreting a Financial Model for Credit Business

Interpreting Financial Reports

Understanding of money lenders act

Systematic applications and documentations as per money lenders control and licensing regulation 2003

MODULE 2: DOCUMENTATION

Introduction

Documentation is the most important task in any business organization. Likewise in the Money lending industry documentation is a legal requirement. This module will enable students to understand the need to prepare all the documents as required by Malaysian law and the need to maintain those documents.

Objective

To understand the need of the documents as required by Moneylenders Act 2003

To identify the need to maintain the documents

To understand the documents and prepare the documents

Content

Preliminary Documents

Application for License & Advertisement Permit

Money lending Agreement

Appeal

Miscellaneous Regulations

MODULE 3: UNDERSTANDING THE LEGAL FRAMEWORK OF

MONEYLENDING BUSINESS IN MALAYSIA

Malaysian Government has undertaken various steps to legalize the Moneylending business in Malaysia. One of the steps is the introduction of legal framework to govern this industry. This module will enable the students to understand the legal requirement as stated in Moneylenders Act 1951 and Moneylenders Act (Amended) 2003.

Objective

To enable students to understand the legal requirement to operate the Moneylending business in Malaysia

To enable students to understand the activities which are prohibited by Malaysian law

To introduce the legal actions that can be taken against the moneylenders who contravene the law

Contents

Licensing of Moneylenders

Investigation, Search, Seizure & Arrest

Evidence

Conduct of Moneylending Business

Miscellaneous

MODULE 4: ETHICAL ISSUES FOR MICRO FINANCE INDUSTRY

OPERATORS

Introduction

Moneylenders need to have an ethical base – this is sound commercial sense. Business decisions should not take place within the framework of ‘anything goes’. Every society therefore needs to have a set of principles and moral codes to work to. A responsible business needs to have a clear idea of “right and wrong behaviour”.

Objective

To enable the moneylenders to practice the best code of ethics in their business

To enable the Moneylending business to become one of the respected industries in the financial sector

To enhance and sustain public confidence of Moneylending business

To add value and support to rules and regulations laid down by the authority

Contents

Integrity

Confidentiality

Loyalty

Legality

Guideline on Disciplinary Procedure

MODULE 5: STRATEGIC MARKETING MANAGEMENT

Introduction

Strategic Marketing is a process that can allow an organization to concentrate its (always limited) resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

Strategic Marketing is most effective when it is an integral component of corporate strategy, defining how the organization will engage customers, prospects and the competition in the market arena for success.

Objectives

To learn and understand the concepts, processes, methods, approaches, issues and managerial task involved in strategic management of Moneylending business

To think and manage strategically and to identify alternative strategies for coping with varied external and internal environments / situations

To integrate strategic management, marketing and financial strategies to gain competitive advantages

Contents

Need for Strategic Management, Marketing and Business Development in Moneylending Business

Development of a Mission (Business Concept), Objectives and Strategies

Situation Analysis: External and Internal Environmental Analysis

Alternative Business Strategies

Strategy Implementation, Control and Evaluation

MODULE 6: PRINCIPLES OF MICRO CREDIT RISK MANAGEMENT

Introduction

Loans are the largest and most obvious source of credit risk. Loans are given by moneylenders in the form of business lending, personal lending, project financing and retail lending. Credit risk encompasses both default risk and market risk. Default risk is the objective assessment of the likelihood that counterparty will default. Market risk measures the financial loss that will be experienced should the client default. Thus this module will enable the students to understand the credit risks and methods to avoid excessive defaults.

Objective

To identify the credit risks involved in Moneylending business and measures minimize the default rate

To identify the most appropriate method to minimize the risk credits

To understand the effective way of managing borrowers

Contents

Establish an Appropriate Micro Credit Risk Environment

Operating Under Sound Credit Granting Process

Maintaining an Appropriate Credit Administration and Monitoring Process

Enlarging Adequate Control Credit Risk

The Role of Manager / Supervisor