



*Jeff Judy &
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Is Your Credit Policy Working for You?

—
*Developing a Credit Policy that
Achieves Better Outcomes
for Your Bank*

A White Paper from

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Executive Summary

Your bank may be performing substantial credit policy revisions, or crafting a new credit policy, because:

- ◆ a merger or acquisition forces you to address multiple credit policies;
- ◆ inefficiencies and conflicts related to credit policy have become a serious drain on your business;
- ◆ dramatic changes in markets, systems, or business practices need to be reflected in your credit policy;
- ◆ bank examiners have specifically mentioned deficiencies in your current policy, with recommendations for addressing these flaws.

Whatever drives you to develop or revise credit policy now, you want to craft a policy that truly contributes to your success as a business, and that won't need serious repairs, or lead to problems, in the future.

My associates and I have spent decades in the credit arena, consulting with many institutions on a range of issues. In this white paper, I distill key themes we have encountered again and again:

- ◆ the appropriate role of credit policy in your business;
- ◆ key players and responsibilities associated with credit policy;
- ◆ the *two* credit policies that guide your credit business;
- ◆ why these two versions of your policy often diverge from each other, hurting your business results;
- ◆ how you can point your credit policy in the right direction;
- ◆ where to seek input, from internal and external resources;
- ◆ why an explicit communication/revision plan is crucial to an effective credit policy;
- ◆ what your policy development team needs from bank leadership to produce long term benefits from your credit policy.

I conclude with a summary of next steps you can take to develop a credit plan that truly helps, rather than hinders, your business.

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