

CCP - Certified Credit Professional Practice Test Questions and Answers

1. What is credit risk mitigation?

- A) Increasing the loan interest rate.
- B) Using collateral, guarantees, or insurance to reduce risk.
- C) Decreasing the loan amount.
- D) Providing more credit to the borrower.

2. What should a credit policy include?

- A) A list of all customers.
- B) Criteria for creditworthiness, terms, and overdue account management.
- C) Only the names of approved customers.
- D) Terms for collecting payments only.

3. What are collection agencies used for?

- A) They are used to increase debt.
- B) They are used when internal collection attempts have failed.
- C) They offer lower interest rates to clients.
- D) They reduce customer repayments.

4. What is risk assessment in credit analysis?

- A) Identifying potential customers.
- B) Evaluating the risk of the borrower failing to repay the loan.
- C) Calculating the borrower's credit score.
- D) Determining the interest rate for the loan.

Answers: 1-B 2-B 3-B 4-B

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