FINANCIAL LEARNING CAFE

Funding Academy • F06

Lesson 6 Resource

Build a responsible credit policy

Borrowing decision framework

Premium lesson companion

Teaching brief • applied vocabulary • guided workbook • knowledge check • answer guide

Name ______________________________________

Date ______________________________________

LEARN • PREPARE • APPLY

Build a responsible credit policy

A written policy governs who may apply, approve, use, monitor, reconcile, and close accounts. It should also define limits, documentation, and escalation.

The deeper idea

A policy should define purpose, authority, limits, permitted transactions, documentation, review, payment ownership, exception approval, and closure.

Learning objectives

- Explain credit policy in the context of build a responsible credit policy.
- Distinguish approval authority from an assumption or promotional summary.
- Show how account review changes cost, timing, control, responsibility, or risk.
- Complete the borrowing decision framework using traceable source information.

Vocabulary in action

credit policy	Locate it in source material and state what it measures or governs.
approval authority	Use it to make the comparison concrete instead of relying on a label.
account review	Name who carries responsibility, what triggers it, and which control makes it visible.

FIVE-STEP DECISION METHOD

Move from information to a responsible next step.

1. Define the exact question

State the purpose, deadline, and consequence of delay. Connect the question directly to build a responsible credit policy.

2. Gather governing evidence

Collect current agreements, statements, official disclosures, operating records, or program instructions. Record the source and date.

3. Apply the vocabulary

Locate credit policy, approval authority, and account review in the real document or process. Translate each into a dollar, date, action, control, or responsibility.

4. Test a difficult case

Change one important assumption - timing, volume, cost, income, access, or support - and explain whether the plan still works.

5. Record the decision

Choose proceed, revise, compare, seek qualified review, or stop. Name the next action, its owner, and the review date.

Applied scenario

A learner must make this decision this month. The learner gathers governing records, locates credit policy, approval authority, and account review, and completes the assignment. The decision pauses if the difficult-case test exposes an obligation or operating risk that cannot be managed.

Borrowing decision framework

Draft a one-page business credit policy and schedule quarterly review.

Purpose: What exact decision does build a responsible credit policy support?

Evidence: Which source documents prove the facts? Include dates.

Terms: Where do credit policy, approval authority, and account review appear, and what does each change?

Stress-test and decision record

Stress test: Which assumption is most fragile, and what happens if it fails?

Decision record: What is the next action, who owns it, and when will it be reviewed?

My recorded status

☐ Proceed ☐ Revise ☐ Compare ☐ Seek qualified review ☐ Stop

KNOWLEDGE CHECK

Confirm your understanding.

1. State the central teaching in your own words.

2. How do credit policy and approval authority work together?

3. What evidence is strong enough to use?

4. What would make the plan pause?

5. What belongs in the finished assignment?

ANSWER GUIDE

Compare reasoning, not just wording.

1. State the central teaching in your own words.

A policy should define purpose, authority, limits, permitted transactions, documentation, review, payment ownership, exception approval, and closure.

2. How do credit policy and approval authority work together?

Define each, locate both in source material, and explain their combined effect on the decision.

3. What evidence is strong enough to use?

Current, relevant, traceable information from an agreement, statement, official source, operating record, or qualified professional.

4. What would make the plan pause?

A missing governing fact, unsupported claim, unmanageable stress case, or inability to explain the responsibility attached to account review.

5. What belongs in the finished assignment?

Purpose, sources, term definitions, comparison or calculation, difficult-case result, unanswered questions, responsible owner, and review date.

Education-only boundary

This resource provides general education. It does not submit applications, negotiate with providers, handle customer funds, promise outcomes, or replace individualized guidance from an appropriately qualified professional.