Non-Performing Loan (NPL) Management in Cooperatives Training Course

Professional Development Training Course Outline

Category	Cooperative Societies	**Duration**	10 Days
Base Fee	$3,000 USD	**Delivery Mode**	Online / On-site Hybrid

Course Introduction

Introduction

This essential training course on Non-Performing Loan (NPL) Management in Cooperatives is meticulously designed to equip loan officers, credit managers, risk professionals, and legal advisors with the specialized knowledge and practical strategies required to effectively identify, manage, and resolve non-performing loans within cooperative financial institutions. In the complex landscape of cooperative finance, proactive NPL management is paramount for safeguarding asset quality, preserving profitability, ensuring regulatory compliance, and maintaining the financial stability vital for continuous member service. Training Course on Non-Performing Loan (NPL) Management in Cooperatives will delve into NPL identification and classification, early warning systems, loan restructuring and workout strategies, collateral realization, and legal recovery processes, all tailored to the unique member-centric and social objectives of cooperative societies. Participants will gain actionable insights to significantly reduce loan losses and improve the health of their cooperative's loan portfolio.

Non-Performing Loans represent a significant drain on a cooperative's financial resources, impacting liquidity, profitability, and ultimately, the value delivered to members. This advanced course bridges that gap by offering in-depth coverage of behavioral insights in loan default, data analytics for NPL prediction, ethical collection practices, specialized NPL recovery units, and the integration of NPL management with overall credit risk strategy. Through interactive workshops, real-world cooperative NPL case studies, and expert-led discussions, attendees will develop the critical analytical and negotiation skills necessary to mitigate the impact of NPLs, implement effective recovery strategies, and foster a robust credit culture that promotes responsible lending and repayment. This is an indispensable program for any cooperative committed to optimizing its loan portfolio and ensuring long-term financial resilience.

Programme Curriculum

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Course duration

10 Days

Course Objectives

1. Define and accurately classify Non-Performing Loans (NPLs) according to regulatory standards.
2. Develop and implement robust early warning systems for identifying potential loan defaults.
3. Apply effective communication and negotiation strategies for NPL collection.
4. Design and execute various loan restructuring and workout plans for distressed borrowers.
5. Master the process of collateral valuation and realization for NPL recovery.
6. Navigate the legal frameworks and recovery procedures for non-performing assets.
7. Implement best practices for NPL provisioning and write-off policies.
8. Utilize data analytics and predictive modeling for proactive NPL management.
9. Develop a comprehensive NPL management policy and operational framework.
10. Understand and mitigate behavioral aspects influencing loan default and recovery.
11. Design and manage a specialized NPL recovery unit within the cooperative.
12. Integrate NPL management with overall credit risk management strategies.
13. Prepare clear and insightful NPL performance reports for governance and regulatory bodies.

Organizational Benefits

1. Significant reduction in non-performing loan ratios.

2. Improved asset quality and portfolio health.
3. Enhanced profitability through reduced loan loss provisions.
4. Increased recovery rates for defaulted loans.
5. Stronger compliance with regulatory NPL guidelines.
6. Better utilization of capital and resources.
7. Improved cash flow and liquidity management.
8. Enhanced reputation and credibility with members and regulators.
9. Proactive identification and mitigation of credit risks.
10. Sustainable growth of the loan portfolio and overall financial stability.

Target Participants

- Loan Officers and Credit Analysts
- Credit Managers and Heads of Lending Departments
- Risk Managers and Compliance Officers
- Legal Officers involved in Debt Recovery
- Internal Auditors focusing on Loan Portfolios
- General Managers and CEOs of Cooperatives (SACCOs, Cooperative Banks)
- Board Members and Credit Committee Members

Course Outline

Module 1: Understanding Non-Performing Loans (NPLs) in Cooperatives

- Definition and characteristics of NPLs from a cooperative perspective.
- Regulatory definitions and classification criteria for NPLs (e.g., IFRS 9, local prudential guidelines).
- The impact of NPLs on cooperative profitability, liquidity, and capital.
- Common causes of NPLs in cooperative lending (internal and external factors).
- Case Study: Analyzing various scenarios that lead to a loan becoming non-performing for a SACCO member.

Module 2: Early Warning Systems (EWS) for NPLs

- Identifying financial red flags (e.g., delayed payments, declining business revenue).
- Recognizing non-financial red flags (e.g., changes in borrower behavior, market conditions).
- Developing a systematic EWS framework for cooperative loan officers.
- The role of proactive monitoring and communication in early detection.
- Case Study: Designing an EWS checklist for a cooperative's loan portfolio.

Module 3: NPL Identification, Classification, and Reporting

- Detailed process of NPL identification based on delinquency periods.
- Proper classification of loans into different risk categories (e.g., performing, sub-standard, doubtful, loss).
- Calculating the NPL ratio and other key portfolio quality metrics.
- Regulatory reporting requirements for NPLs.
- Case Study: Classifying a portfolio of loans based on their performance and delinquency status.

Module 4: Loan Loss Provisioning and Write-Offs

- Understanding the concept of loan loss provisions and their purpose.
- Methodologies for calculating adequate loan loss provisions (e.g., Expected Credit Loss under IFRS 9).
- Policies and procedures for writing off uncollectible loans.
- The impact of provisioning and write-offs on the cooperative's financial statements.
- Case Study: Calculating the required loan loss provision for a batch of classified loans.

Module 5: Communication and Negotiation Strategies for NPLs

- Effective communication techniques for engaging with defaulting members.
- Active listening and empathy in collection efforts.
- Negotiation tactics for reaching mutually beneficial repayment solutions.
- Overcoming common excuses and resistance from borrowers.
- Case Study: Role-playing a negotiation scenario with a defaulting member.

Module 6: Loan Restructuring and Workout Strategies

- When to consider loan restructuring: assessing borrower viability.
- Common restructuring options: rescheduling, re-amortization, interest rate adjustments.
- Developing a viable workout plan that benefits both the cooperative and the member.
- Monitoring restructured loans for compliance.
- Case Study: Structuring a loan workout plan for a member whose business faced temporary setbacks.

Module 7: Collateral Management and Realization

- Review of various types of collateral accepted by cooperatives.
- Principles of collateral valuation and revaluation for NPLs.
- Legal procedures for collateral realization and perfection of security.
- Managing the process of seizing and disposing of collateral.
- Case Study: Understanding the steps involved in realizing collateral (e.g., land, vehicle).

Module 8: Legal Recovery Processes and Enforcement

- Overview of relevant laws governing debt recovery and insolvency in your jurisdiction.
- Understanding legal options: demand letters, court action, arbitration.
- Engaging legal counsel and managing legal costs.
- Enforcement of judgments and decrees.
- Case Study: Outlining the legal steps for recovering a large defaulted loan through court.

Module 9: Specialized NPL Recovery Units/Departments

- Structure and roles within a dedicated NPL recovery unit.
- Key performance indicators (KPIs) for NPL recovery teams.
- Training and skills required for NPL recovery specialists.
- Ethical considerations and professional conduct in collections.
- Case Study: Designing an organogram and job descriptions for an NPL recovery unit.

Module 10: Data Analytics for Proactive NPL Management

- Using historical data to identify patterns in loan defaults.
- Predictive modeling for early identification of at-risk loans.
- Segmenting NPLs for targeted recovery strategies.
- Leveraging loan management systems for NPL tracking and reporting.

- Case Study: Identifying key data points for predicting future NPLs using loan portfolio data.

Module 11: NPL Management Policy and Procedures

- Developing a comprehensive NPL management policy for the cooperative.
- Establishing clear roles, responsibilities, and authority levels.
- Documenting NPL classification, provisioning, and write-off procedures.
- Integrating NPL policy with the overall credit policy.
- Case Study: Reviewing and updating a cooperative's NPL policy document.

Module 12: Behavioral Aspects of Loan Default and Recovery

- Understanding the psychology of borrowers in distress.
- Factors influencing willingness vs. ability to pay.
- Strategies for motivating borrowers towards repayment.
- The role of empathy and trust in the collection process.
- Case Study: Discussing ethical dilemmas in NPL collection and how to handle them.

Module 13: Risk Mitigation and Prevention in Lending

- Strengthening loan appraisal processes to reduce future NPLs.
- Importance of strong loan monitoring and supervision.
- Financial literacy training for members to promote responsible borrowing.
- Diversification of the loan portfolio to spread risk.
- Case Study: Suggesting improvements to a cooperative's loan appraisal process based on NPL trends.

Module 14: Integrating NPL Management with Overall Credit Risk Strategy

- How NPL management contributes to the cooperative's overall credit risk framework.
- Reporting NPL trends and impact to the Credit Committee and Board.
- Learning lessons from NPLs to refine lending policies and procedures.
- The link between NPLs, capital adequacy, and regulatory compliance.
- Case Study: Presenting an NPL performance review to the cooperative's board.

Module 15: Future Trends in NPL Management for Cooperatives

- The impact of economic cycles and market volatility on NPLs.
- Leveraging artificial intelligence (AI) and machine learning (ML) in NPL prediction and recovery.
- Alternative dispute resolution (ADR) methods for NPLs.
- Global best practices in NPL resolution and asset management companies.
- Case Study: Exploring the potential of AI tools for NPL segmentation and collection strategy.

Training Methodology

This course employs a participatory and hands-on approach to ensure practical learning, including:

- Interactive lectures and presentations.
- Group discussions and brainstorming sessions.
- Hands-on exercises using real-world datasets.
- Role-playing and scenario-based simulations.
- Analysis of case studies to bridge theory and practice.

- Peer-to-peer learning and networking.
- Expert-led Q&A sessions.
- Continuous feedback and personalized guidance.

Register as a group from 3 participants for a Discount

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Certification

Upon successful completion of this training, participants will be issued with a globally- recognized certificate.

Tailor-Made Course

We also offer tailor-made courses based on your needs.

Key Notes

a. The participant must be conversant with English.

b. Upon completion of training the participant will be issued with an Authorized Training Certificate

c. Course duration is flexible and the contents can be modified to fit any number of days.

d. The course fee includes facilitation training materials, 2 coffee breaks, buffet lunch and A Certificate upon successful completion of Training.

e. One-year post-training support Consultation and Coaching provided after the course.

f. Payment should be done at least a week before commence of the training, to FINESKILL TRAINING CENTER account, as indicated in the invoice so as to enable us prepare better for you.

Upcoming Scheduled Sessions

Start Date	End Date	Location	Price
07 Sep 2026	18 Sep 2026	Physical	$3,000
14 Sep 2026	25 Sep 2026	Physical	$3,000
21 Sep 2026	02 Oct 2026	Physical	$3,000
28 Sep 2026	09 Oct 2026	Physical	$3,000
05 Oct 2026	16 Oct 2026	Physical	$3,000

Start Date	End Date	Location	Price
12 Oct 2026	23 Oct 2026	Physical	$3,000
19 Oct 2026	30 Oct 2026	Physical	$3,000
26 Oct 2026	06 Nov 2026	Physical	$3,000

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