

PRELIMINARY ANALYSIS OF THE LOAN APPLICATION AGAINST THE CREDIT POLICY OF COMMERCIAL BANKS

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The reason for the start and development of credit relationships between the bank and the borrower is the application of the legal or natural person to obtain credit. When the borrower turns to the bank he is working with its credit expert. The expert provides useful information regarding the procedures and rules of bank lending, advising, collects set of documents, analysis of the creditworthiness of the borrower, gives a conclusion from other units of the bank and forms the general conclusion to the bank collegial body for a decision on the loan or refuse it.

The credit application – a written request to the borrower's banking institution requesting the loan indicating significant initial data, purpose of the loan, amount and currency, type and duration of the loan, order repayment and interest payment, offered support. An individual borrower fills out an application for a loan personally and certifies it with his signature. Application of a legal entity shall be made on the letterhead of the organization or on a sheet of plain paper, affixed with its seal and signed by the person authorized to credit, usually the manager and chief accountant.

The first phase of the relationship of the bank and the borrower holds preliminary talks that are important to address the issue of establishing credit relationship between the bank and the borrower, as it allows not only finding out details of the loan application, but also making a psychological portrait of the borrower.

General primary data about the borrower may be disclosing in the document-form application for credit, which is more formal in nature, form and content of which are

approved by each bank independently in the relevant internal regulations on credit.

After meeting with the borrower, authorized employee of the credit unit makes a report on the meeting, the form of which is established by the bank in accordance with the internal regulations, further in the loan process is conducted a preliminary analysis of the credit application against the credit policy of the bank.

The nature of bank credit policies can be developed and conducted both at the macro and micro levels. The need to develop credit policy and the laying of foundations of the bank are due primarily to the fact that it allows to plan, regulate, control, and rationally organize the relationship between the bank and its client feedback on cash flow.

Credit policy – is the basic document that defines the basic principles of lending to be followed in carrying out credit operations, and is the priority document for the development of a standardized loan product and acts of internal regulation of the bank, which determine lending activities.

Thus, during the assessment of the borrower's conformity to requirements of loan policy, loan manager shall conduct a comparison of potential borrower with the main directions defined in the Regulation on credit policy of the bank and provide answers to some basic questions.

If the borrower meets the requirements of the bank than credit manager prepares and co-ordinates with the head an indicative proposal with recommendations for the possibility of credit transactions and feasibility of further consideration of credit applications for credit operations.