AFIN8020

Credit and Lending Decisions

Session 2, In person-scheduled-weekday, North Ryde 2026

Department of Applied Finance

Contents

General Information

Unit convenor and teaching staff
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Credit points
10

Prerequisites
ACST6003

Corequisites
AFIN8003

Co-badged status

Unit description
This unit focuses on how banks and financial institutions make credit and lending decisions. We examine how lenders assess credit risk, make the decision to lend and structure loans to mitigate key risks. After a review of how various types of lending products can be matched to borrowers' requirements, we examine the core concepts of credit scoring models, probability of default, loss given default and exposure at default. These concepts inform our discussion of how banks manage credit risks through the loan structure, balanced against providing workable access to funding for the borrower. The obligations of borrowers under typical corporate loan documentation are discussed, including the practical implications for managing the banker-borrower relationship in normal times and when loans are becoming distressed.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at https://www.mq.edu.au/study/calendar-of-dates

Learning Outcomes

On successful completion of this unit, you will be able to:

ULO1: Explain how a borrower’s needs influence the selection of the appropriate loan product and lending structure for debt financing.
ULO2: Critique the alignment of the needs of a borrower with the risks a lender is prepared to accept and be able to implement the structural and documentary mechanisms for achieving this.
ULO3: Infer likely outcomes to the management of problem loans from both the lender’s

and borrower's perspective.

General Assessment Information

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for Special Consideration.

Assessment Tasks

Name	Weighting	Hurdle	Due	Groupwork/Individual	Short Extension	AI Approach
Formal examination: Test	20%	No	Week 8	Individual	No	Observed
Professional practice: Credit risk analysis	30%	No	Week 12	Individual	No	Open AI
Formal examination	50%	No	Exam Period	Individual	No	Observed

Formal examination: Test

Assessment Type [1]: Examination
Indicative Time on Task [2]: 10 hours
Due: **Week 8**
Weighting: **20%**
Groupwork/Individual: Individual
Short extension [3]: No
AI Approach: Observed

The purpose of this assessment is for you to demonstrate your understanding and knowledge of key topics from the unit.

You will participate in a formal test. Feedback on your performance will help you assess your progress through the unit content.

Deliverable(s): Test Individual assessment

On successful completion you will be able to:

- Explain how a borrower's needs influence the selection of the appropriate loan product and lending structure for debt financing.

- Critique the alignment of the needs of a borrower with the risks a lender is prepared to accept and be able to implement the structural and documentary mechanisms for achieving this.

Professional practice: Credit risk analysis

Assessment Type [1]: Professional task
Indicative Time on Task [2]: 20 hours
Due: **Week 12**
Weighting: **30%**
Groupwork/Individual: Individual
Short extension [3]: No
AI Approach: Open AI

The purpose of this assessment is to develop expertise in credit risk analysis.

You will apply theoretical frameworks and quantitative methods to develop a credit risk assessment report and deliver an oral presentation.

Skills in focus:

- Communication skills
- Critical thinking and problem solving
- Discipline knowledge
- Work readiness

Deliverable(s): Report [max 2,500 words] + Presentation Individual assessment

On successful completion you will be able to:

- Explain how a borrower's needs influence the selection of the appropriate loan product and lending structure for debt financing.
- Critique the alignment of the needs of a borrower with the risks a lender is prepared to accept and be able to implement the structural and documentary mechanisms for achieving this.

Formal examination

Assessment Type [1]: Examination
Indicative Time on Task [2]: 30 hours
Due: **Exam Period**
Weighting: **50%**
Groupwork/Individual: Individual
Short extension [3]: No
AI Approach: Observed

The purpose of this assessment is for you to demonstrate the expertise you have gained in this unit.

You will participate in a 2-hour exam held during the University Examination period. Important information about the exam will be made available on the unit iLearn page. You should also review the MQ Exams website for general tips.

Deliverable(s): Formal exam Individual assessment

On successful completion you will be able to:

- Explain how a borrower's needs influence the selection of the appropriate loan product and lending structure for debt financing.
- Critique the alignment of the needs of a borrower with the risks a lender is prepared to accept and be able to implement the structural and documentary mechanisms for achieving this.
- Infer likely outcomes to the management of problem loans from both the lender's and borrower's perspective.

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[1] If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- Academic Success for academic skills support.

[2] Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation.

[3] An automatic short extension is available for some assessments. Apply through the Service Connect Portal.

Delivery and Resources

Recommend (not required) textbooks:

Hull, J.C. (2023). Risk Management and Financial Institutions, 6th ed. Wiley.

Crouhy, M., Galai, D. & Mark, R. (2014). The Essentials of Risk Management, 2nd ed.

Caouette, Altman, Narayanan & Nimmo (2008). Managing Credit Risk, 2nd ed. Wiley.

Duffie, D. & Singleton, K. (2003). Credit Risk: Pricing, Measurement and Management.

Technology Used and Required:

Necessary technology: Computer with MS Excel and Word, scientific or business calculator and internet access.

Unit Schedule

Week1	Introduction to Credit & Lending
Week2	Credit Risk & Credit Exposure
Week3	Measuring Default Risk & Credit Ratings
Week4	Credit Derivatives & Structured Products
Week5	Corporate Lending
Week6	Non-bank & Private Credit
Week7	Consumer Lending & BNPL
Week8	Mid-term Test
Week9	AI & Machine Learning in Credit
Week10	Climate & ESG Credit Risk
Week11	Lessons from Credit Crises (GFC & 2023)
Week12	Crypto, DeFi & Tokenised Credit
Week13	Revision

Policies and Procedures

Macquarie University policies and procedures are accessible from Policy Central (https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- Academic Appeals Policy
- Academic Integrity Policy
- Academic Progression Policy
- Assessment Policy
- Fitness to Practice Procedure
- Assessment Procedure
- Complaints Resolution Procedure for Students and Members of the Public
- Special Consideration Policy

Students seeking more policy resources can visit Student Policies (https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit Policy Central (https://policies.mq.edu.au) and use the search tool.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/admin/other-resources/student-conduct

Results

Results published on platform other than eStudent, (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in eStudent. For more information visit connect.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Academic Integrity

At Macquarie, we believe academic integrity – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free online writing and maths support, academic skills development and wellbeing consultations.

Student Support

Macquarie University provides a range of support services for students. For details, visit http://students.mq.edu.au/support/

Academic Success

Academic Success provides resources to develop your English language proficiency, academic writing, and communication skills.

- Ask a Study Coach
- Access StudyWISE
- Upload an assignment to Studiosity
- Complete the Academic Integrity Module

The Library provides online and face to face support to help you find and use relevant information resources.

- Subject and Research Guides
- Ask a Librarian

Student Services and Support

Macquarie University offers a range of Student Support Services including:

- IT Support
- Accessibility and disability support with study
- Mental health support

- Safety support to respond to bullying, harassment, sexual harassment and sexual assault
- Social support including information about finances, tenancy and legal issues
- Student Advocacy provides independent advice on MQ policies, procedures, and processes

Student Enquiries

Got a question? Ask us via the Service Connect Portal, or contact Service Connect.

IT Help

For help with University computer systems and technology, visit https://students.mq.edu.au/support/technology/service-desk.

When using the University's IT, you must adhere to the Acceptable Use of IT Resources Policy. The policy applies to all who connect to the MQ network including students.

Changes since First Published

Date	Description
20/07/2026	Change the mid-term test from Week7 to Week8

Unit information based on version 2026.03 of the Handbook