Credit risk analyst: Career path and qualifications

By J. William Carpenter   Updated Jan 11, 2018

Credit risk analysts work in the lending and credit departments of commercial banks, credit card companies and other financial firms. They are responsible for evaluating the creditworthiness of new credit applicants and monitoring the ongoing financial performances of existing credit customers. Analysts may work directly with consumers and business customers to collect information and conduct credit evaluations, or they may work in partnership with retail sales agents or credit officers who handle customer communication.

Credit risk analysts use a variety of analytical techniques to evaluate the risk associated with lending money or extending credit to applicants. Analysts typically assess credit reports, payment histories, financial statements and job histories. When evaluating a business, analysts may also study its operations, and the industry and local market in which it operates, to make determinations about its ongoing competitive outlook.

Credit risk analysts generally produce reports and recommendations based on their analytical work. In some positions, credit risk analysts are responsible for making the final decision whether to approve or deny credit applicants. Typically, however, financial managers or loan committees make the final determination based on a review of the analyst's work and other factors.

Career Path

Most credit risk analysts start working in junior analytical positions after earning associate or bachelor's degrees in accounting, finance or a related business field with a quantitative focus. Some positions deal

predominantly with [consumer credit](#) evaluation and may be open to candidates who have associate degrees and relevant experience. Positions that focus on business credit evaluation often demand greater knowledge of finance and [accounting principles](#) and consequently require bachelor's degrees.

With several years of experience and a record of good performance, junior credit risk analysts can progress into senior positions with responsibility for more complex assignments. In some firms, senior analysts oversee a team handling analysis for a particular market, region or industry. Top-performing analysts can rise into financial management positions overseeing analytical departments, making final credit decisions and monitoring departmental performance.

Educational Qualifications

Most employers looking to hire credit risk analysts prefer job candidates with bachelor's degrees in a quantitative business discipline such as finance, accounting or economics. However, some entry-level jobs in the field are open to candidates with associate degrees in relevant subjects and qualifying work experience in banks or other financial firms. According to a 2015 occupational survey conducted for the U.S. [Bureau of Labor Statistics](#) (BLS), 27% of [credit analysts](#) nationwide report an associate degree as their highest educational qualification.

A bachelor's degree and substantial relevant work experience are generally required for advancement into supervisory positions and higher-level financial management positions. However, most financial firms prefer to hire managers with master's degrees in business administration, finance or related subjects.

Other Qualifications

While credit risk analysts do not require licenses or professional certifications to work in the field, the [Risk Management](#) Association's [Credit Risk Certification](#) (CRC) designation is a good way to get a leg up in the [job market](#). The CRC designation is designed for lending and credit professionals with at least three years of qualifying experience in credit [risk analysis](#). Consequently, this designation is considered a qualification for advancement to more senior [credit analysis](#) and financial management positions. Candidates must pass an examination covering seven areas of knowledge in the credit risk field.

Job Outlook

According to job market analysis conducted by the BLS, employment of credit analysts in the United States is expected to grow about 8% between 2016 and 2026, which is about average for all occupations in the economy. The national median wage for all professionals in the field was $69,930 per year as of 2016.