



## National Unit specification

### General information

**Unit title:** Financial Services: Personal Finance Awareness  
(SCQF level 5)

**Unit code:** HF23 75

**Superclass:** HE

**Publication date:** June 2016

**Source:** Scottish Qualifications Authority

**Version:** 01

### Unit purpose

This Unit is a mandatory Unit in the National Progression Award (NPA) Financial Services at SCQF level 6 and the National 5 Financial Services Course. It may also be taken as a free-understanding Unit.

This Unit will enable learners to enhance their personal financial awareness. Learners will have a clear understanding of the factors which have to be taken into account when planning a personal budget, as well as the information available from personal account (bank) statements and pay slips. They should gain an understanding of the sources of borrowing and related risks, together with an understanding of the value of saving and the variety of ways in which individuals can go about saving.

### Outcomes

On successful completion of the Unit the learner will be able to:

- 1 Prepare and maintain a personal budget.
- 2 Explain the implications of borrowing and select potential borrowing options.
- 3 Explain the reasons why individuals save and select potential saving options.

### Credit points and level

1 National Unit credit at SCQF level 5: (6 SCQF credit points at SCQF level 5)

## **National Unit specification: General information (cont)**

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### **Recommended entry to the Unit**

While entry is at the discretion of the centre, learners would normally be expected to have attained:

National 4 English  
National 4 Mathematics

### **Core Skills**

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes for this Unit specification.

There is no automatic certification of Core Skills or Core Skill components in this Unit.

### **Context for delivery**

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

The Assessment Support Pack (ASP) for this Unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>).

### **Equality and inclusion**

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements).

## **National Unit specification: Statement of standards**

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Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

### **Outcome 1**

Prepare and maintain a personal budget.

#### **Performance Criteria**

- (a) Identify sources of personal income and expenditure related to different life stages.
- (b) Explain the difference between a need and a want.
- (c) Identify and explain key terms used in pay slips and bank statements.
- (d) Perform calculations relating to pay slips and bank statements.
- (e) Produce and maintain a personal budget over a specified time period.

### **Outcome 2**

Explain the implications of borrowing and select potential borrowing options.

#### **Performance Criteria**

- (a) Identify and select borrowing options to meet short, medium and long-term requirements
- (b) Identify and explain causes that may contribute to personal debt problems
- (c) Identify and explain consequences of personal debt problems

### **Outcome 3**

Explain the reasons why individuals save and select potential saving options.

#### **Performance Criteria**

- (a) Identify and select savings options to meet short and long-term requirements
- (b) Explain the factors that contribute to savings growth
- (c) Explain reasons for personal saving

## National Unit specification: Statement of standards (cont)

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### Evidence Requirements for this Unit

Evidence is required to demonstrate that learners have achieved all Outcomes and Performance Criteria.

Assessment evidence can be drawn from a variety of activities and presented in a variety of different formats to demonstrate that the learner has met the requirements of all the Outcomes and Performance Criteria.

In the case of assessment by observation or oral questioning, evidence should include assessor comments and other relevant evidence that shows clearly the basis on which assessment judgments have been made.

#### Outcome 1

Learners should:

- ◆ identify sources of personal income and expenditure related to **three** different life stages.
- ◆ explain the difference between a need and a want.
- ◆ identify and explain key terms used in pay slips and bank statements.
- ◆ perform calculations relating to pay slips and bank statements.
- ◆ produce and maintain a personal budget over **three** consecutive periods, ie three weeks, three months, three years.

#### Outcome 2

Learners should:

- ◆ identify borrowing options to meet short, medium and long-term requirements. Learners should select **two** options for each of the three terms.
- ◆ identify and explain **three** causes that may contribute to personal debt problems.
- ◆ identify and explain **three** consequences of personal debt problems.

#### Outcome 3

Learners should:

- ◆ identify savings options to meet short and long-term requirements. Learners should select **two** options for each of the two terms.
- ◆ explain **three** factors that contribute to savings growth.
- ◆ explain **three** reasons for personal saving.

## National Unit specification: Statement of standards (cont)

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The evidence may take the form of a portfolio and an end of Unit test. Where evidence is presented as a portfolio it should contain the following:

- ◆ A list of typical sources of income and expenditure for **three** selected key life stages
- ◆ A short description of the difference between a need and a want
- ◆ A record of the learner's personal budget, maintained over a period of time and updated on at least **three** consecutive occasions
- ◆ Information on options of borrowing to meet short, medium and long-term requirements. Learners should select and provide information on **two** options for each of the terms
- ◆ An explanation of **three** causes which may contribute to personal debt problems
- ◆ An explanation of **three** consequences of personal debt
- ◆ Information on savings options to meet short and long-term requirements. Learners should select and provide information on **two** options for each of the terms
- ◆ Explanation of **three** factors that contribute to savings growth (graphs and charts may be included)
- ◆ Explanation of **three** reasons for personal savings including saving for a pension

An end of Unit test may elicit evidence for the Performance Criteria contained in Outcome 1 relating to pay slips and bank statements, and may also address aspects of the underpinning knowledge and understanding from Outcomes 2 and 3. The test should be carried out under closed-book supervised conditions and take no more than one hour.



## National Unit Support Notes

**Unit title:** Financial Services: Personal Finance Awareness  
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Unit Support Notes are offered as guidance and are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

### Guidance on the content and context for this Unit

This Unit aims to provide learners with knowledge and understanding that relates to personal financial awareness. The three main areas of personal budgeting, borrowing and saving provide a foundation for learners to appreciate the importance of their financial decision-making and the implications that such decisions may have on their personal, family and professional circumstances.

Learners will produce and maintain a personal budget that should highlight the importance of planning and monitoring their financial decisions and will take account of how financial needs change as we progress through life — buying a car, a house, getting married, going on holiday, etc are examples of circumstances under which financial decisions must inevitably be made.

Learners will be introduced to the options for borrowing and saving that are available in the financial market-place and will select options that would suit short, medium and long-term needs. Furthermore, the Unit will allow learners to gain an appreciation of the factors that can lead to personal debt problems, as well as the consequences that personal debt may lead to.

In Outcome 1 learners will identify income and expenditure sources that may typically manifest at three different life stages. Life stages may include:

- ◆ Studying at school, college or university
- ◆ Starting work
- ◆ Getting married
- ◆ Changing jobs
- ◆ Becoming temporarily unemployed
- ◆ Retirement

Income will mainly originate from employment, however, income from student loans, inheritance and benefits may also be included.

Learners will differentiate between needs and wants and explore the circumstances under which we must prioritise our financial decision-making.

## National Unit Support Notes (cont)

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Learners will be introduced to the terminology and calculations that are commonly used by employers when supplying pay slips to employees. Areas such as Income Tax, National Insurance and pension deductions may be addressed as well as such other items such as Overtime and Bonuses. Optional deductions such as Christmas Savings schemes and Child Care Voucher Savings schemes may also be covered.

Learners should be able to carry-out calculations such as *hours worked \* hourly rate*, subtraction of tax, National Insurance and pension contributions as well as the correct identification of gross and net pay. The use of the 'S' code in tax codes for those resident in Scotland can be explained. Payment of salary using the BACS system could be explained. The content should be updated to reflect any further changes in the Scottish fiscal framework affecting income tax rates, etc.

It is also recommended that terminology and mechanisms used by banks are identified and explained — terminology may include:

- ◆ Debits
- ◆ Credits
- ◆ Deposits
- ◆ Withdrawals
- ◆ Cheque clearing
- ◆ Bank charges
- ◆ Interest — including compound interest
- ◆ Fees

Mechanisms may include:

- ◆ Direct debits
- ◆ Standing orders
- ◆ On-line/telephone banking
- ◆ Banking apps
- ◆ Debit cards
- ◆ ATMs
- ◆ Chip and Pin
- ◆ Contactless Payments

In **Outcome 2** learners will identify the many borrowing options that are available to meet short, medium and long-term requirements. It is recommended that learners be introduced to a wide variety of products that are available and that they are made aware of the many situations/circumstances under which such products may be offered. Furthermore, learners should be made aware of the relationship between credit rating scores and credit availability — this will serve to emphasise that individual circumstances will have an effect on borrowing options. Learners should identify and select options for the short, medium and long-term. Two options must be selected for each term.

## National Unit Support Notes (cont)

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Potential areas for learners to explore may be:

- ◆ High Street retailers that offer credit via their own store cards and such credit is aimed directly at shoppers who may not be in a position to pay from a credit balance on their bank account.
- ◆ credit cards may be offered by banks as well as other financial institutions. Interest rates will vary from product to product and learners may use price comparison sites to see the extent of variations in rates.
- ◆ accounts offered by banks and the limitations that exist in relation to borrowing, ie ability to borrow in the form of overdrafts.
- ◆ personal loans that are available from banks and other financial institutions — learners should be made aware of the diversification of other organisations, such as supermarkets, into financial services. Again, price comparison sites can be used to examine interest rates.
- ◆ student loans — available to cover living costs while studying at college/university. Learners could investigate the criteria for applying for a student loan, how much can be obtained for each year they are an undergraduate student, how much they need to earn before they start repaying the loan, etc.
- ◆ mortgages are the most common form of long-term borrowing and there are many unique features associated with this type of product. Learners should identify such features and examine the lending criteria that lenders may set before granting this type of loan.
- ◆ credit unions offer an alternative to the High Street banks and other financial institutions for services such as saving and borrowing. Learners may be introduced to the ethos and constitution of such organisations.
- ◆ loan sharks/pay day loan companies — loans offered at high rates of interest. Learners could investigate the different companies and compare interest rates to those charged by banks.

The above suggestions are not meant to be exhaustive, and other alternative borrowing options may be explored.

Personal debt continues to be a major issue within our society and there are many causes that may lead individuals to experience financial difficulty. Possible causes may be:

- ◆ failing to budget effectively.
- ◆ irresponsible borrowing.
- ◆ inability to cope with changing circumstances due to lack of savings.

Potential impacts of debt problems may be:

- ◆ actions by firms to recover money, ie debt collection agencies, legal action.
- ◆ bankruptcy.
- ◆ poor credit rating and implications for future borrowing.
- ◆ social problems that may arise such as relationship problems, drug and alcohol misuse.



## National Unit Support Notes (cont)

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Learners should be introduced to the work of agencies that exist to assist individuals experiencing financial difficulty, such as the Citizens Advice, Stepchange, National Debtline etc. Additionally, learners will gain an awareness of the Financial Conduct Authority (FCA) and their role in regulating organisations that offer loan products.

In **Outcome 3** learners will identify the many savings options that are available to meet short and long-term requirements.

Learners will explore the many reasons why individuals choose to save and identify if these serve short or long-term interests. Possible reasons may be:

- ◆ to provide a financial cushion should their circumstances change.
- ◆ to gain a financial return.
- ◆ to plan for future purchase needs/wants.
- ◆ to plan for their retirement.

Learners can explore savings options that are available in the market. Options may include:

- ◆ Cash ISAs
- ◆ Stocks and Share ISAs
- ◆ Lifetime ISAs (LISAs) — to be introduced in April 2017 and available to the under 40s
- ◆ Interest bearing current accounts
- ◆ Bonds
- ◆ Pensions
- ◆ Life assurance
- ◆ Savings accounts

It is crucial that learners gain an awareness of the important features of different types of savings options — these may be complex and learners would not be required to develop a comprehensive understanding of this area — a suitable approach would be to allow learners to concentrate on a fixed criteria set such as minimum investment levels, interest rates, minimum terms, access to funds etc and allow them to choose options on this basis.

Factors that contribute to savings growth may be:

- ◆ Interest rates — including compound interest
- ◆ Saving term
- ◆ Initial investment
- ◆ Addition of regular funds
- ◆ Performance of stock market

## Guidance on approaches to delivery of this Unit

Learning and teaching approaches should be learner-centred and participative. Learners should be encouraged to conduct research and this may take place on an individual or group basis.

## National Unit Support Notes (cont)

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Access to the internet will allow learners to explore options that may be selected to meet borrowing and savings needs in the short, medium and long-term. Furthermore, learners may access articles that highlight the importance of financial literacy in relation to life-planning, debt problems and debt solutions.

Learners would benefit from visits to organisations such as Citizens Advice/Stepchange to help them understand the circumstances that may lead to debt problems as well as the services that are available to help individuals overcome such problems. If visits are not practicable then guest speakers would be a possible alternative.

### Guidance on approaches to assessment of this Unit

Evidence can be generated using different types of assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

Assessment may take the form of a portfolio combined with an end of Unit test.

The portfolio could cover Evidence Requirements for the following Outcomes:

Outcome 1 (PCs a, b and e)  
Outcome 2  
Outcome 3

For Outcome 1 (PC e) learners are required to produce and maintain a personal budget over three consecutive periods, ie three weeks, three months, three years and this should be included in the portfolio submission — learners should be supplied with a suitable exemplar budget statement format.

Learners may undertake research and gather evidence on borrowing and savings products that are available in the marketplace and utilise price comparison websites to enable them to select suitable options for short, medium and long-term requirements. Additionally, they may locate articles from newspapers or magazines that highlight issues associated with debt problems as well as exploring debt advice and support that is available to assist those experiencing financial difficulties — printouts from websites may be augmented with comparison pro-formas to enable learners to record their findings.

The end of Unit test should be undertaken in closed-book supervised assessment conditions. The test may consist of a number of short answer questions. An exemplar pay slip and bank statement could be provided to enable learners to carry out calculations and explain key terms.

Checklists may be utilised to ensure that learners meet all Evidence Requirements.

## National Unit Support Notes (cont)

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### Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by Information and Communication Technology (ICT), such as e-testing or the use of e-portfolios or social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at [www.sqa.org.uk/e-assessment](http://www.sqa.org.uk/e-assessment).

### Opportunities for developing Core and other essential skills

#### Core Skills

Learners will be producing written and/or oral evidence as part of the assessment and will be carrying out research. This offers opportunities to develop aspects of the Core Skill of *Communication*.

Through using the internet for research purposes, learners will have the opportunity to develop the Core Skill of *Information and Communication Technology (ICT)*.

Learners will also have the opportunity to develop aspects of the Core Skill of *Numeracy* as they may have to perform calculations relating to pay slips and bank statements.

#### Other Essential Skills

Learners may be given opportunities to develop key employability skills as well as develop an awareness and understanding of citizenship and sustainability. These include the skills of:

Flexibility/ability to adapt to different situations	Research and investigation
ICT	Positive attitude to work
Team work/group work	Analysing and evaluating
Using initiative/being proactive	Planning and organising
Paying attention to detail	Time management
Problem solving	Adopting professional working standards and practices

## History of changes to Unit

Version	Description of change	Date

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## General information for learners

**Unit title:** Financial Services: Personal Finance Awareness  
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This section will help you decide whether this is the Unit for you by explaining what the Unit is about, what you should know or be able to do before you start, what you will need to do during the Unit and opportunities for further learning and employment.

This Unit will give you an understanding of why personal finance awareness is important. You will become aware of the importance of financial budgeting, borrowing and savings and investments in your daily life. It will help you plan for your future financial security, become aware of the risks associated with borrowing and debt and appreciate the importance of remaining solvent. It also highlights the need to make plans for pensions.

In Outcome 1 you will learn about sources of income and expenditure relating to different stages of your life. You will prepare and maintain a personal budget over a period of time.

In Outcome 2 you will look at the implications of borrowing and select potential borrowing options. This Outcome also covers personal debt problems.

In Outcome 3 you will look at the reasons for saving and select potential saving options. You will investigate short and long-term savings requirements.

You may be assessed by an end of Unit test and by a portfolio of evidence.

You will have opportunities to develop the Core Skills of *Communication, Numeracy and Information and Communication Technology (ICT)*. In addition, you may develop other employability skills such as time management, using initiative and paying attention to detail.

Progression from this Unit is on to further/higher education courses, training or employment.