

## **SQA Advanced Unit Specification**

### **General information for centres**

**Unit title:** Financial Sector: An Introduction

**Unit code:** HP13 47

**Unit purpose:** This unit is designed to introduce candidates to the financial sector and provide an understanding of the roles of the main institutions and markets within the sector in the UK. It is primarily intended to prepare candidates who expect for positions of employment in banks, building societies or insurance companies in clerical positions or in sales or support. It may also be suited to those undertaking business related courses or who have a personal interest in this topic.

On completion of the Unit the candidate should be able to:

1. Explain the role of financial institutions in the UK financial sector.
2. Explain the role of capital markets in the UK Financial sector.
3. Explain the role of money markets in the UK financial sector.

**Credit value:** 1 SQA Credit at SCQF level 7: (8 SCQF credit points at SCQF level 7\*)

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from National 1 to Doctorates.*

### **Recommended prior knowledge and skills:**

Access to this Unit is at the discretion of the centre, however it is expected that candidates would have good written communication and numerical skills. These may be demonstrated by the achievement of Core Skill *Communication* at SCQF level 5, or by possession of National 5 English, or a suitable NC (National Certificate) Unit, and Core Skill Numeracy at SCQF level 5 or by possession of a relevant Unit.

**Core skills:** There may be opportunities to gather evidence towards core skills in this Unit, although there is no automatic certification of core skills or core skills components.

**Context for delivery:** This Unit is included in the framework of a number of SQA Advanced Certificate and SQA Advanced Diploma group awards. It is recommended that it should be taught and assessed within the context of the particular group award to which it contributes.

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**Assessment:** It is preferred that this unit be assessed by a single instrument of assessment which would require candidates to answer questions based on a case study relating to a scenario. It is expected that the assessment should not normally take the average candidate more than two hours to complete.

If you wish to use a different assessment mode may wish to seek prior verification of the assessment instrument(s) you intend to use. Please note - candidates must achieve all of the minimum evidence specified for each Outcome in order to pass the Unit.

Exemplar instruments of assessment and marking guidelines have been produced to indicate the national standard of achievement required at SCQF Level 7.

## SQA Advanced Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### Outcome 1

Explain the role of financial institutions in the UK financial sector.

#### Knowledge and/or skills

- Role of the Bank of England
- Role of retail banks
- Role of merchant banks
- Role of building societies
- Role of insurance companies

#### Evidence requirements

Each Knowledge and Skill is matched by a corresponding evidence requirement.

To ensure that a candidate has successfully achieved the standard required of each of the knowledge and skills listed above the corresponding evidence requirement from the list below should be met.

Evidence for the knowledge and/or skills in the outcome will be provided on a sample basis. This evidence could be presented as part of a case study covering all outcomes with candidates providing responses to specific questions. Each candidate will need evidence to show that they can provide an accurate and clear explanation of the theoretical aspects of the outcome.

The sample must comprise of **two** of the knowledge and skills. Each new assessment should assess a different sample of knowledge and skills.

Candidates must provide a satisfactory response to each question.

Where an item is sampled, a candidate's response can be judged to be satisfactory where the evidence provided is sufficient to meet the requirements for each item by showing that the candidate is able to:

- Explain the role of the Bank of England in the UK financial sector and its core purposes
- Explain the role of retail banks with regard to their function and responsibilities

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- Explain the role of merchant banks with regard to their function and responsibilities
- Explain the role of building societies with regard to their function and responsibilities
- Explain the role of insurance companies with regard to their function and responsibilities

### **Assessment guidelines**

It is suggested that the assessment of this Outcome be combined with the other Outcomes as part of a larger assessment and that a copy of the case study, when used, be given to candidates 7-10 days before the assessment opportunity. Candidates may bring a copy of the case study to the assessment and any handwritten notes they have prepared but may not bring any other material. A sample of a case study has been produced as part of the exemplars.

The notes should be handed in at the end of the assessment.

## **Outcome 2**

Explain the role of capital markets in the UK financial sector.

### **Knowledge and/or skills**

- Role of the London Stock Exchange
- Operation of the New Issues Market
- Operation of the Secondary Market

### **Evidence requirements**

Each Knowledge and Skill is matched by a corresponding evidence requirement.

To ensure that a candidate has successfully achieved the standard required of each of the knowledge and skills listed above the corresponding evidence requirement from the list below should be met.

Evidence for the knowledge and/or skills in the Outcome will be provided on a sample basis. This evidence could be presented as part of a case study covering all outcomes with candidates providing responses to specific questions. Each candidate will need evidence to show that they can provide an accurate and clear explanation of the theoretical aspects of the outcome.

The sample must comprise of **two** of the knowledge and skills. Each new assessment should assess a different sample of knowledge and skills.

Candidates must provide a satisfactory response to each question.

Where an item is sampled, a candidate's response can be judged to be satisfactory where the evidence provided is sufficient to meet the requirements for each item by showing that the candidate is able to:

- Discuss the role of the London Stock Exchange in the UK financial sector
- Explain the role of the New Issues Market
- Explain the role of the Secondary Market

### **Assessment guidelines**

It is suggested that the assessment of this Outcome be combined with the other Outcomes as part of a larger assessment and that a copy of the case study, when used, be given to candidates 7-10 days before the assessment opportunity. Candidates may bring a copy of the case study to the assessment and any handwritten notes they have prepared themselves, but may not bring any other material. A sample of a case study has been produced as part of the exemplars.

The notes should be handed in at the end of the assessment.

### **Outcome 3**

Explain the role of money markets in the UK financial sector.

#### **Knowledge and/or skills**

- Role of the interbank market
- Role of intercompany market
- Role of sterling certificates of deposit market
- Role of finance house market
- Role of local authority market
- Definition of financial futures and options

#### **Evidence requirements**

Each Knowledge and Skill is matched by a corresponding evidence requirement.

To ensure that a candidate has successfully achieved the standard required of each of the knowledge and skills listed above the corresponding evidence requirement from the list below should be met.

Evidence for the knowledge and/or skills in the outcome will be provided on a sample basis. This evidence could be presented as part of a case study covering all outcomes, with candidates providing responses to specific questions. Each candidate will need evidence to show that they can provide an accurate and clear explanation of the theoretical aspects of the outcome.

The sample must comprise of **two** of the knowledge and skills. Each new assessment should assess a different sample of knowledge and skills.

Candidates must provide a satisfactory response to each question.

Where an item is sampled, a candidate's response can be judged to be satisfactory where the evidence provided is sufficient to meet the requirements for each item by showing that the candidate is able to:

- Explain the role of the interbank market
- Explain the role of the intercompany market
- Explain the role of the sterling certificates of deposit market
- Explain the role of the finance house market
- Explain the role of the local authority market
- Describe financial futures and options

**Assessment guidelines**

It is suggested that the assessment of this Outcome be combined with the other Outcomes as part of a larger assessment and that a copy of the case study, when used, be given to candidates 7-10 days before the assessment opportunity. Candidates may bring a copy of the case study to the assessment and any handwritten notes they have prepared themselves, but may not bring any other material. A sample of a case study has been produced as part of the exemplars.

The notes should be handed in at the end of the assessment.

## Administrative Information

<b>Unit code:</b>	HP13 47
<b>Unit title:</b>	Financial Sector: An Introduction
<b>Superclass category:</b>	AL
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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

**FURTHER INFORMATION:** Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

## SQA Advanced Unit specification: support notes

### Unit title: Financial Sector: An Introduction

This part of the Unit specification is offered as guidance. The support notes 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

**Outcome 1** looks at the role of some of the financial institutions that operate within the UK financial sector. It is expected that centres will cover the following topics:

- Core purposes of the Bank of England
  - Maintaining the integrity and value of the currency
  - Maintaining the stability of the financial system
  - Seeking to ensure the effectiveness of the UK's financial services
- Role of retail banks
- Main services offered by retail banks
- Role of merchant banks
  - Capital issues
  - Assistance in takeovers and mergers
  - Fund management.
- Role of building societies
- Main services of building societies
- Role of insurance companies

**Outcome 2** looks at the role of the capital markets in the UK financial sector. It is expected that centres will cover the following topics:

- Role of the London Stock Exchange
  - Including its main responsibilities regarding supervision and regulation.
- Operation of the new issues (covered at introductory level)
- Operation of the secondary market (covered at an introductory level)
- Financial instruments traded
- Listing requirements
- Differences between the Official List and the Alternative Investment Market
- Derivatives market (covered at introductory level) showing an awareness of its existence and purpose

**Outcome 3** looks at the role of the money markets in the UK financial sector. It is expected that centres will cover the following topics:

- Role of the interbank market (covered at introductory level)
- Role of the intercompany market
- Role of the sterling Certificates of Deposit market
- Role of the finance house market
- Role of the local authority market
- Use of financial futures and options



## Guidance on the delivery and assessment of this Unit

On completion of the unit the candidate will have the underpinning knowledge and skills to be able to progress to the unit 'Personal Financial Services'. It is not essential that this unit be completed before a candidate undertakes Personal Financial Services nor is it essential that centres teach the subjects in any particular order. However, it is suggested that this approach might be more appropriate for both candidates and centres.

### Open learning

If this Unit is delivered by open or distance learning methods, additional planning and resources may be required for candidate support, assessment and quality assurance.

For information on normal open learning arrangements, please refer to SQA guide *Assessment and Quality Assurance of Open and Distance Learning* (SQA 2000).

### 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).

## General information for candidates

### Unit title: Financial Sector: An Introduction

This Unit is designed to introduce you to, and enable you to understand the role played by financial institutions and financial markets in the United Kingdom.

On completion of the Unit you should be able to:

- Explain the role of financial institutions in the UK financial sector
- Explain the role of capital markets in the UK financial sector
- Explain the role of money markets in the UK financial sector

In Outcome 1 you will learn about the role of the Bank of England, and retail and wholesale banks. You will also learn about some of the minor deposit taking financial institutions that operate in the UK.

In Outcome 2 you will learn about the role of the Stock Market, in particular its role in helping companies to raise finance, and its role in allowing investors to buy and sell shares.

In Outcome 3 you will learn about the role of the various money markets that have developed alongside the main financial markets.

There is only one assessment for this Unit. Assessment is likely to consist of a range of questions based on a case study. You will not be advised of the questions in advance of the assessment but you will be allowed to bring your own pre-prepared notes. It is likely that the assessment will not last for more than two hours.