



Higher National Unit specification

General information

Unit title: Financial Institutions: Introduction

Unit code: H480 33

Superclass: AL

Publication date: May 2013

Source: Scottish Qualifications Authority

Version: 01

Unit purpose

This Unit is designed to enable learners to understand the range of financial services institutions that operate in the world's leading financial services centres. It provides knowledge and develops skills that will enhance the learner's awareness of the financial services industry. The knowledge and skills could also assist learners in finding employment in clerical, administrative, or customer service positions within banks, insurance companies and other related financial institutions. It is also suited to those who wish to progress to undertaking business related courses at a more advanced level.

Outcomes

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

- 1 Identify the roles and responsibilities of organisations that oversee the activities of the financial services institutions.
- 2 Identify the financial structure, products and services of institutions that provide banking services.
- 3 Identify the financial structure, products and services of institutions that provide investment products and services.
- 4 Identify the financial structure, products and services of institutions that provide personal financial protection products and services.

Credit points and level

1 Higher National Unit credit at SCQF level 6: (8 SCQF credit points at SCQF level 6)

Higher National Unit specification: General information (cont)

Unit title: Financial Institutions: Introduction

Recommended entry to the Unit

Access to this Unit is at the discretion of the centre. However, it is recommended that learners have good written communication and numerical skills. These may be demonstrated by the achievement of the Core Skills of *Communication* and *Numeracy* at SCQF level 4 or equivalent.

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

Higher National Unit specification: Statement of standards

Unit title: Financial Institutions: Introduction

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.

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. Learners 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

Identify the roles and responsibilities of organisations that oversee the activities of the financial services institutions.

Knowledge and/or Skills

- ◆ Central Bank
- ◆ Financial Services Regulatory Bodies

Outcome 2

Identify the financial structure, products and services of institutions that provide banking services.

Knowledge and/or Skills

- ◆ Methods of funding Retail/Commercial Banks and institutions specialising in property lending
- ◆ Money transmission products
- ◆ Savings products
- ◆ Short and medium term personal finance products
- ◆ Finance for the purchase of residential property
- ◆ Commercial lending products

Outcome 3

Identify the financial structure, products and services of institutions that provide investment products and services.

Knowledge and/or Skills

- ◆ Investment Banks
- ◆ Fund Managers
- ◆ Financial Advisers

Higher National Unit specification: Statement of standards

Unit title: Financial Institutions: Introduction

Outcome 4

Identify the financial structure, products and services of institutions that provide personal financial protection products and services.

Knowledge and/or Skills

- ◆ Insurance Companies
- ◆ Pension Providers

Evidence Requirements for this Unit

Learners will need to provide evidence to demonstrate their Knowledge and/or Skills across all Outcomes by showing that they can:

- ◆ Identify the roles and responsibilities of Central Banks.
- ◆ Identify the roles and responsibilities of Financial Services Regulatory Bodies.
- ◆ Identify the methods used to fund the operations of Retail/Commercial Banks and institutions specialising in property lending.
- ◆ Identify the channels used to deliver services to customers in Retail/Commercial Banks and institutions specialising in property lending.
- ◆ Identify the features of money transmission products offered by Retail/Commercial Banks and institutions specialising in property lending.
- ◆ Identify the features of savings products offered by Retail/Commercial Banks and institutions specialising in property lending.
- ◆ Identify the features of short and medium term personal finance products offered by Retail Banks.
- ◆ Identify the features of products to finance the purchase of residential property offered by Retail Banks and institutions specialising in property lending.
- ◆ Identify the features of commercial lending products offered by Commercial Banks.
- ◆ Identify the methods used to fund the operations of Investment Banks, Fund Managers and Financial Advisers.
- ◆ Identify the channels used to deliver services to customers of Investment Banks, Fund Managers and Financial Advisers.
- ◆ Identify the features of products offered by Investment Banks.
- ◆ Identify the features of products offered by Fund Managers.
- ◆ Identify the features products offered by Financial Advisers.
- ◆ Identify the methods used to fund the operations of Insurance Companies and Pension Providers.
- ◆ Identify the channels used to deliver services to customers of Insurance Companies and Pension Providers.
- ◆ Identify the features of products offered by Insurance Companies.
- ◆ Identify the features of products offered by Pension Providers.

Evidence should be generated through assessment under closed-book controlled conditions.



Higher National Unit: Support Notes

Unit title: Financial Institutions: Introduction

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

The following guidance was written in January 2013 based on current financial services institutions, their products and services. Centres should ensure that learners have used current information in their learning and that assessment content and assessment checklists reflect the current situation, which may, as a result, differ from the guidance below in terms of the products and/or services listed.

Outcome 1 looks at the roles and responsibilities of organisations that oversee the activities of the Financial Services institutions.

It is expected that centres will cover the following topics:

- ◆ The role of a Central Bank in:
 - Acting as the Government and Bankers' bank including the role of lender of last resort, managing the country's foreign exchange, gold reserves and the register of any stock that has been issued on behalf of the Government
 - Implementing the fiscal and monetary policies of the country's government including their role in setting the official interest rate
 - Maintaining the stability of a country's financial system
 - Maintaining the reputation of and value of the country's currency
 - Overseeing the country's money supply
 - Overseeing the effective operation of the country's financial system by regulation and/or supervision
 - Maintaining relationships with other Central Banks

- ◆ The role of regulatory authorities in:
 - Maintaining confidence in the country's financial system by regulating the activities of financial services providers in the country through making regulations, investigating providers to ensure compliance and applying enforcement powers
 - Protecting consumers who invest in products marketed by financial services providers
 - Reducing financial crime
 - Maintaining relationships with regulatory authorities in other countries to ensure effective cross border regulations are in place

Higher National Unit: Support Notes (cont)

Unit title: Financial Institutions: Introduction

Outcome 2 looks at the financial structure, products and services of banks, building societies/organisations specialising in property lending that provide banking services to personal and business customers.

It is expected that centres will cover the following topics:

- ◆ How banks and building societies/organisations specialising in property lending are financed and the balance that has to be maintained between deposits and loans.
- ◆ The customer channels used by banks and building societies/organisations specialising in property lending — branch network, telephone banking, internet banking.
- ◆ Savings products — the features of savings accounts; instant access accounts and notice accounts; how interest is calculated and paid.
- ◆ Lending products — the features of overdrafts, structured loans for personal and business customers, property purchase lending, credit cards.
- ◆ Money transmission products — the features of current accounts, use of cheque guarantee cards, debit cards/ATM machines; cheque clearance processes; regular payment methods (standing orders/direct debits).

Outcome 3 looks at the financial structure, products and services of institutions that provide investment products and services.

It is expected that centres will cover the following topics:

- ◆ How Investment Banks, Fund Managers and Financial Advisers fund their operations and the balance that has to be maintained between investment and payment obligations/liquidity requirements.
- ◆ The customer channels used by Investment Banks, Fund Managers and Financial Advisers — agency and third party arrangements; face to face operations, internet operations.
- ◆ The main activities of Investment Banks (corporate finance, portfolio management and bond trading).
- ◆ The main activities of Fund Managers (fund management, monitoring and managing investment funds, recommendations and research).
- ◆ The relationships between Fund Managers and Investment Banks.
- ◆ The features of Unit Trusts and Investment Trusts.
- ◆ The role of Financial Advisers — Independent and Tied Financial Advisers, the regulation of financial advisers in outline, methods of reward for financial advisers.

Higher National Unit: Support Notes (cont)

Unit title: Financial Institutions: Introduction

Outcome 4 looks at the financial structure, products and services of institutions that provide personal protection products.

It is expected that centres will cover the following topics:

- ◆ How insurance companies and pension providers fund their operations and the balance that has to be maintained between investment and their payment obligations/liquidity requirements.
- ◆ The customer channels used by insurance companies and pension providers — agency and third party arrangements; direct and indirectly employed agents, telephone and internet operations.
- ◆ Insurance Companies — the basic principles of life assurance, the main types of life policy (term assurance; whole of life; endowment; with and without profits), premiums.
- ◆ Pension Providers — the basic features of pension schemes, methods of contribution, calculations of pension entitlement (defined benefit and defined contribution) and main types of investments made by pension funds.

Guidance on approaches to delivery of this Unit

This Unit is likely to form part of a Group Award designed to provide learners with technical or professional knowledge and skills for employment within the Financial Services sector. It supports pre-employment learning for learners who have not yet entered the workplace and are studying in colleges and learning for employees who are new to the sector.

The Unit has been designed to enable learners to complete it, regardless of what country they are based in and regardless of the specific operations of financial services institutions in these countries. Centres should ensure that the learning covers this generic material. It would also be appropriate for centres to illustrate their teaching by contextualising it to the specifics of the operations, products and services of their country's financial services institutions.

Guidance on approaches to assessment of this Unit

Evidence can be generated using different types of instruments 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.

This Unit could be assessed by a single instrument of assessment that requires learners to respond to multiple choice questions. To ensure the Evidence Requirements are met in full, it is likely that centres will require to include a minimum of 50 questions. Learners should achieve a minimum of 65% overall and also achieve 60% against each Outcome to meet the Evidence Requirements in full.

Higher National Unit: Support Notes (cont)

Unit title: Financial Institutions: Introduction

Assessment should be carried out under closed-book controlled conditions and, if taking place as a single event, this should last no more than two hours.

Centres should ensure that the assessment covers this generic material and that assessment instruments do not include additional content which relates to country specific considerations.

Assessment could be delivered as an e-assessment if desired.

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.

Opportunities for developing Core and other essential skills

There are no Core Skills embedded in this Unit. However, there are opportunities for developing the Using Number component of the Core Skill *Numeracy* at SCQF level 5.

***Numeracy* — Using Number at SCQF level 5**

In Outcome 2, learners will be undertaking interest rate calculations for a range of financial services products using simple and compound interest thereby applying a wide range of numerical skills to solve work related problems.

History of changes to Unit

Version	Description of change	Date

© Scottish Qualifications Authority 2013

This publication may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged.

Additional copies of this Unit specification can be purchased from the Scottish Qualifications Authority. Please contact the Business Development and Customer Support team, telephone 0303 333 0330.

General information for learners

Unit title: Financial Institutions: Introduction

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 is designed to introduce you to, and to enable you to understand, the range of financial services institutions that operate in the world's leading financial services centres and to be able to identify how these institutions operate and the key products and services that they offer to their customers. The Unit has been written to enable you to complete it, regardless of what country you are based in and regardless of the specific operations of financial services institutions in your own country.

The Unit provides knowledge and develops skills that will enhance your awareness of the financial services industry. The knowledge and skills could also assist you in finding employment in clerical, administrative, or support positions within banks, insurance companies and other related financial institutions. It is also suited to you if you wish to progress to undertaking business related courses at a more advanced level.

In Outcome 1 you will learn about the role of Central Banks and Financial Services Regulators who supervise the activities of financial institutions.

In Outcome 2 you will learn how banks and building societies/specialist property lenders finance their operations and what products and services they offer to their customers.

In Outcome 3 you will learn how organisations that provide investment products, finance their operations and what products and services they offer to their customers.

In Outcome 4 you will learn how organisations that provide personal investment products finance their operations and what products and services they offer to their customers.

This Unit may be assessed by one assessment covering all four Outcomes. This assessment could consist of a number of multiple choice questions. It is recommended that the assessment be completed within a two hour working period and will be conducted under closed-booked conditions.

You are required to achieve a minimum of 65% overall to pass this assessment. You will also have to achieve 60% in each Outcome.