

SQA Advanced Unit specification: general information

Unit title: Personal Financial Services

Unit code: HP17 47

Superclass: AL

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Unit purpose

This Unit is designed to enable candidates to understand the range and use of financial services products offered by retail financial institutions in the UK. It provides knowledge and develops skills that will enhance the candidate's personal financial awareness and will enable them to make informed choices when managing their short- and long-term finances. The knowledge and skills could also assist candidates in finding employment in clerical, administrative, support or trainee managerial positions within banks, building societies, insurance companies and other related financial institutions. The Unit introduces candidates to subjects covered in examinations prescribed by UK Financial Services regulatory authorities. 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 features and use of cash services, savings and lending products offered to personal customers
- 2 Explain the features and use of personal finance protection products
- 3 Explain the features and use of personal investment products
- 4 Describe the regulatory environment applicable to the provision of personal financial services

Recommended prior knowledge and skills

Access to this Unit is at the discretion of the Centre. However, it is recommended that candidates have good written communication and numerical skills. These may be demonstrated by the achievement of the Core Skill *Communication* at SCQF Level 5, or by possession of Standard Grade English, or a suitable NC (National Certificate) Unit and the Core Skill component Using Number at SCQF Level 5, or by possession of a relevant Unit.

Credit points and level

2 SQA Credits at SCQF level 7: (16 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.*

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes of 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 delivery and assessment of this Unit should be updated annually to reflect current retail financial services products and taxation rates.

Assessment

It is recommended that this Unit be assessed by an instrument of assessment that would require candidates to answer questions based on a case study relating to a single scenario. The assessment should not normally take the average candidate more than two hours to complete.

The assessment exemplar for this Unit provides assessment and marking guidelines that exemplify the national standard for achievement at SCQF Level 7. It is a valid, reliable and practicable instrument of assessment. Centres wishing to develop their own assessments should refer to the assessment exemplar to ensure a comparable standard. Assessment exemplars are available on SQA's secure website.

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 features and use of cash services, savings and lending products offered to personal customers.

Knowledge and/or Skills

- ◆ Money payment services
- ◆ Bank, Building Society and Credit Union savings products
- ◆ National Savings and Investment (NS&I) products
- ◆ Tax treatment of savings products
- ◆ Risk profile of personal savings products
- ◆ Short and medium term personal finance products
- ◆ Finance for the purchase of residential property

Evidence Requirements

Evidence for the Knowledge and/or Skills in the Outcome will be generated through sampling. This evidence can be presented as responses to questions based on a case study.

To ensure candidates will not be able to foresee which items they will be questioned about, a different sample of **three** of the seven Knowledge and/or Skills items is required each time the Outcome is assessed.

Where an item is sampled, a candidate's response can be judged satisfactory where the evidence shows that the candidate can:

- ◆ Explain the features of Money payment services
- ◆ Explain the features of Bank, Building Society and Credit Union savings products, evaluating the appropriateness of using these products in a given situation
- ◆ Explain the features of National Savings and Investment (NS&I) products, evaluating the appropriateness of using these products in a given situation
- ◆ Explain the tax treatment of savings products in a given situation
- ◆ Explain the relationship between risk and reward for personal savings products
- ◆ Explain the features of short and medium term personal finance products, evaluating the appropriateness of using these products in a given situation
- ◆ Explain the options available to finance the purchase of a residential property

Money payment services, savings products, and lending products must be assessed within the sample – ie the first Knowledge and/or Skills item, along with either Knowledge and/or Skills item 6 or 7, must be assessed on each assessment occasion. Evidence for the remaining Knowledge and/or Skills item in this Outcome will be provided through sampling.

Candidates must provide a satisfactory response to all parts of the sample to be successful in this Outcome.

Evidence should be generated through assessment in supervised conditions. Where a case study is used, candidates may be given a copy of it 7—10 days before the assessment. Candidates may bring a copy of the case study to the assessment event along with up to two pages of A4 notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. The notes and copy of the case study should be handed in at the end of the assessment.

Assessment Guidelines

It is recommended that the assessment of this Outcome be combined with Outcomes 2, 3 and 4 as part of a single assessment event for this Unit lasting two hours. The assessment could be based around a single case study using a series of short response answers.

Outcome 2

Explain the features and use of personal finance protection products.

Knowledge and/or Skills

- ◆ Individual personal finance protection requirements
- ◆ Protection products covering life/health/income/borrowing
- ◆ Risk profile of personal protection products
- ◆ Factors to be taken into account when undertaking comparisons of different personal protection products

Evidence Requirements

Evidence for the Knowledge and/or Skills in the Outcome will be generated through sampling. This evidence can be presented as responses to questions based on a case study.

To ensure candidates will not be able to foresee which items they will be questioned about, a different sample of **two** of the four Knowledge and/or Skills items is required each time the Outcome is assessed.

Where an item is sampled, a candidate's response can be judged satisfactory where the evidence shows that the candidate can:

- ◆ Explain the circumstances in which a protection need arises and the factors that influence an individual's protection requirements
- ◆ Explain the features of **two** protection products from life/health/income/borrowing and evaluate the appropriateness of using these products in a given situation
- ◆ Explain the relationship between risk and reward for personal protection products
- ◆ Explain the factors to be considered when comparing personal protection products

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Candidates must provide a satisfactory response to all parts of the sample to be successful in this Outcome.

Evidence should be generated through assessment in supervised conditions. Where a case study is used, candidates may be given a copy of it 7—10 days before the assessment. Candidates may bring a copy of the case study to the assessment event along with up to two pages of A4 notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. The notes and copy of the case study should be handed in at the end of the assessment.

Assessment Guidelines

It is recommended that the assessment of this Outcome be combined with Outcomes 1, 3 and 4 as part of a single assessment event for this Unit lasting two hours. The assessment could be based around a single case study using a series of short response answers.

Outcome 3

Explain the features and use of personal investment products.

Knowledge and/or Skills

- ◆ Government Securities and Corporate Bonds
- ◆ Equities
- ◆ Packaged Investment Products
- ◆ Pension products
- ◆ Tax treatment of personal investment products
- ◆ Risk profile of personal investment products
- ◆ Factors to be taken into account when undertaking comparisons of different personal investment products

Evidence Requirements

Evidence for the Knowledge and/or Skills in the Outcome will be generated through sampling. This evidence can be presented as responses to questions based on a case study.

To ensure candidates will not be able to foresee which items they will be questioned about, a different sample of **two** of the seven Knowledge and/or Skills items is required each time the Outcome is assessed.

Where an item is sampled, a candidate's response can be judged satisfactory where the evidence shows that the candidate can:

- ◆ Explain the features of government securities and corporate bonds
- ◆ Explain the features of equities
- ◆ Explain the features of **two** Packaged Investment Products from: Unit Trusts, Open-ended Investment Companies (OEICs), Investment Bonds, or Investment Trusts
- ◆ Explain the features of pension products
- ◆ Evaluate the appropriateness of using personal investment products in a given situation
- ◆ Explain the tax treatment of personal investment products in a given situation
- ◆ Explain the risk profile of investment products

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Candidates must provide a satisfactory response to all parts of the sample to be successful in this Outcome.

Evidence should be generated through assessment in supervised conditions. Where a case study is used, candidates may be given a copy of it 7—10 days before the assessment. Candidates may bring a copy of the case study to the assessment event along with up to two pages of A4 notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. The notes and copy of the case study should be handed in at the end of the assessment.

Assessment Guidelines

It is recommended that the assessment of this Outcome be combined with Outcomes 1, 2, and 4 as part of a single assessment event for this Unit lasting two hours. The assessment could be based around a single case study using a series of short response answers.

Outcome 4

Describe the regulatory environment applicable to the provision of personal financial services.

Knowledge and/or Skills

- ◆ Regulatory structure of the UK Financial Services Sector
- ◆ The statutory objectives of the UK Financial Services regulatory authority
- ◆ The high level standards of the UK Financial Services regulatory authority
- ◆ Types of Authorisation
- ◆ Complaints and Compensation
- ◆ Data Protection

Evidence Requirements

Evidence for the Knowledge and/or Skills in the Outcome will be generated through sampling. This evidence can be presented as responses to questions based on a case study.

To ensure candidates will not be able to foresee which items they will be questioned about, a different sample of **one** of the six Knowledge and/or Skills items is required each time the Outcome is assessed.

Where an item is sampled, a candidate's response can be judged satisfactory where the evidence shows that the candidate can:

- ◆ Describe the regulatory structure of the UK Financial Services Sector
- ◆ Describe the statutory objectives of the UK Financial Services regulatory authority
- ◆ Describe the high level standards of the UK Financial Services regulatory authority
- ◆ Describe the types of Authorisation
- ◆ Describe the Complaints and Compensation processes
- ◆ Describe the relevant Data Protection legislation relating to personal financial customers

Candidates must provide a satisfactory response to all parts of the sample to be successful in this Outcome.

SQA Advanced Unit Specification

Evidence should be generated through assessment in supervised conditions. Where a case study is used, candidates may be given a copy of it 7—10 days before the assessment. Candidates may bring a copy of the case study to the assessment event along with up to two pages of A4 notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. The notes and copy of the case study should be handed in at the end of the assessment.

Assessment Guidelines

It is recommended that the assessment of this Outcome be combined with Outcomes 1, 2, and 3 as part of a single assessment event for this Unit lasting two hours. The assessment could be based around a single case study using a series of short response answers.

SQA Advanced Unit specification: support notes

Unit title: Personal Financial Services

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 80 hours.

Guidance on the content and context for this Unit

This Unit is primarily intended to prepare candidates for employment or further study in financial services.

The following guidance was prepared in November 2011 based on current personal financial services products, services and regulations. Centres should ensure that candidates 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, services and/or regulations listed.

Outcome 1 looks at the cash services, savings and lending products offered by retail banks, building societies, Credit Unions and National Savings and Investment (NS&I). It is expected that centres will cover the following topics:

- ◆ Money payment services should include cash services, cheques, plastic cards, regular payments methods, and internet and telephone banking services
- ◆ Current savings products offered by bank and building society accounts including tax efficient and tax exempt savings accounts
- ◆ The taxation of savings products should be addressed with reference to the different types of taxpayer ie non-taxpayers, basic rate taxpayers and higher rate taxpayers
- ◆ The differences between Credit Unions and Banks/Building Societies, paying particular attention to savings and lending products offered by Credit Unions and the role that Credit Unions play in local communities
- ◆ National Savings and Investment (NS&I) products should be covered paying particular attention to the tax implications of each product and the effect of this on different types of taxpayer (as above)
- ◆ The balance savers have to strike between the risk of their investment and the reward they receive. The impact on interest rates of the length of the term of the savings commitment and the extent to which access to funds is permitted should be covered
- ◆ Short and medium term personal finance products should include overdrafts and personal loans. These should be covered at a descriptive level with candidates demonstrating an awareness of their existence and use within personal banking
- ◆ Lending to fund residential property purchase should cover the impact of the borrowers situation (first time buyers, home movers, re-mortgaging), explanation of repayment plans (capital and interest and interest-only), and the advantages and disadvantages of each. The key interest options available (fixed rate, tracker and offset) should also be covered

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Outcome 2 looks at the range of personal protection products offered by the retail financial institutions and their method of use. It is expected that centres will cover the following topics:

- ◆ Factors that influence a client's protection needs and the circumstances in which a protection need arises
- ◆ The key features of life/health protection products. The products to be covered are whole of life (with profit, Unit linked), term (level, increasing, decreasing, convertible, renewable family income benefit); endowment, accidental death
- ◆ The key features of income/borrowing protection products. The products to be covered should include Health Insurance and Payment Protection (Redundancy cover, Personal Accident, Critical Illness)
- ◆ The factors to be considered when comparing protection products should be addressed including benefits, conditions and exclusions, surrender values, premium levels, charging and commission structures and past performance. Consideration should also be given, where appropriate, to the level of risk associated with the underlying investment portfolio associated with the product

Outcome 3 looks at the range of investment products offered by the retail financial institutions and their method of use. It is expected that centres will cover the following topics:

- ◆ Government Securities and Corporate Bonds - the main features, benefits and risks of holding Government Securities (Gilts) and Corporate Bonds including types of bonds, methods of acquisition and disposal, investment returns (the coupon rate, maturity value), factors affecting their value and tax implications
- ◆ Equities - the main features, benefits and risks of holding equities including types of shares, methods of acquisition and disposal, investment returns (dividends, capital gains) shareholder benefits, voting rights, share and subscription rights, factors affecting their value, tax implications
- ◆ Packaged retail investment products – the main features, benefits and risks of holding packaged retail investment products including types of products (Unit Trusts, OEICS, Investment Trusts, Investment Bonds), methods of acquisition, pricing and disposal, investment returns (income and capital), factors affecting their value, tax implications
- ◆ Pension products – the main features, benefits and risks associated with pension products including types of product (state provision, stakeholder pensions, Defined Benefit (final salary) and Defined Contribution (money purchase) occupational pension schemes and personal pension schemes, factors affecting their value and the tax treatment of pension contributions and benefits

Outcome 4 looks at the regulatory environment in place relating to the provision of personal financial services. It is expected that centres will cover the following topics:

- ◆ Regulatory structure of the UK Financial Services Sector – the role and structure of the Financial Conduct Authority, HM Treasury and Bank of England, (the focus for the latter two organisations should be in relation to investor protection only) and the reasons why regulation is important
- ◆ The four Statutory Objectives of the Financial Conduct Authority (market confidence, financial stability, consumer protection, reduction in financial crime)
- ◆ The High Level Standards applicable to all UK regulated Financial Services organisations – the eleven principles of business (integrity, skill, care and diligence, management and control, financial prudence, market conduct, customers' interests, communication with clients, conflicts of interests, customers' relationship of trust, clients' assets, relationships with regulators) and the six customer Outcomes required to demonstrate Treating Customers Fairly (TCF) (fair customer treatment central to the organisations culture, products designed and targeted to the needs of identified

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customer groups, customers provided with clear information, customer advice is suitable, standards of product performance and service, absence of unreasonable post sale barriers)

- ◆ Authorisation – the definition of Regulated Activities, the reasons for the authorisation of firms and approved persons and the five groups of activity (controlled functions) that require to be conducted by someone of Approved Person status, (Governing, Required, Systems and Controls, Significant Management and Customer functions); Appointed Representatives and the sources of information available to the personal investor to confirm the authorisation status of an adviser
- ◆ Complaints and Compensation processes – the role and scope of the Financial Services Ombudsman Service, the circumstances under which the Financial Services Compensation Scheme pays compensation to personal investors and the level of compensation payable
- ◆ Data Protection – the impact of the Data Protection Act 1998 on the way organisations handle interactions with personal investors

Note: This Unit refers to the Financial Conduct Authority (FCA), which was set up in 2013. This should, where applicable, include any organisation which, in future, takes over any of the regulatory aspects detailed in this Unit from the FCA.

Guidance on the delivery of this Unit

This Unit is likely to form part of a Group Award designed to provide candidates with technical or professional knowledge and skills for the financial sector.

The Unit is primarily intended to contribute to the preparation of candidates for regulatory examinations that are required by those who will provide financial advice to personal customers. The Unit is not a substitute for and does not provide exemption from the regulatory examinations. The Unit contributes to the provision of the required introductory knowledge and skills needed by employees working in the financial services industry as advisers or support staff. The Unit also prepares the candidate to commence study for professional qualifications such as the Chartered Institute of Insurance and Chartered Institute of Bankers in Scotland examinations and for further study at undergraduate level.

During the delivery of this Unit, it is recommended that candidates are made aware of the latest financial products and services offered to personal customers by UK retail Financial Services providers. In addition, they should be made aware of any changing requirements to those aspects of Financial Services regulation covered in this Unit.

Guidance on the assessment of this Unit

This Unit could be assessed by a single instrument of assessment. The assessment could be designed around one case study, with each Outcome being assessed within that case study. It is recommended the case study should be based around a customer of a retail financial services organisation who requires advice and guidance about their personal financial requirements. While the case study can be issued in advance to candidates, if wished, further details can be added to the scenario during the assessment. This therefore replicates the real life situation where the adviser will be aware of the basic facts about a customer and their personal financial arrangements but will have to react to new information during a meeting with the customer.

Online and Distance Learning

This Unit could be delivered by open/distance learning. However, it would require planning by the Centre to ensure the authenticity of candidate evidence. Arrangements would have to be made to ensure that evidence is generated under the assessment conditions specified for each Outcome.

Opportunities for developing Core Skills

In this Unit candidates will have opportunities in Outcomes 1, 2 and 3 to develop skills in the Critical Thinking component of the Core Skill *Problem Solving* at SCQF level 5. Candidates will be presented with information about a personal investor where they will have to apply critical thinking skills to review the situation, identify the key factors that have to be taken into consideration and then decide on the relative importance of each of these as they prepare their recommendations.

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.

History of changes to Unit

Version	Description of change	Date

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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](#).

General information for candidates

Unit title: Personal Financial Services

This Unit is designed to introduce you to, and enable you to identify and understand, the range of financial products and services that are offered by financial services institutions to their personal customers.

On completion of the Unit you should be able to:

- 1 Explain the features and use of cash services, savings and lending products offered to personal customers
- 2 Explain the features and use of personal finance protection products
- 3 Explain the features and use of personal investment products
- 4 Describe the regulatory environment applicable to the provision of personal financial services

In Outcome 1 you will learn about the range of products and services that can be used by personal customers to meet their everyday expenditure requirements, provide savings opportunities and provide lending facilities.

In Outcome 2 you will learn about the range of products that are available to protect the individual, their family and/or property.

In Outcome 3 you will learn about the range of investment products that cater for long-term capital growth and income needs.

In Outcome 4 you will examine the regulatory environment within which the financial services industry operates and the protections available to the personal investor.

This Unit may be assessed by one assessment covering all four Outcomes. This assessment, which will be carried out under supervised conditions, could consist of a number of questions based on a case study that covers all four Outcomes within the Unit. Where a case study is used, 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 recommended that the assessment be completed within a two hour working period

You will need to successfully complete questions from all four Outcomes in order to pass the Unit.

There are opportunities to develop components within the Core Skill of *Problem Solving* at SCQF level 5 in this Unit.