Retail Financial Services

The FdSc Professional Diploma in Banking Practice and Management is awarded by the University of Kent.

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<tr>
<td><strong>1. Title</strong></td>
<td>Retail Financial Services</td>
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<td><strong>2. Start date</strong></td>
<td>Valid for study sessions commencing from 1 November 2011</td>
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<td><strong>3. Level of module</strong></td>
<td>5 (within QAA Framework for Higher Education) Subject benchmark: General Business &amp; Management</td>
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<td><strong>4. Number of credits</strong></td>
<td>30 credits</td>
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<td><strong>5. Status</strong></td>
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| **6. Recommended prior modules** | • Organisational Management in Financial Services.  
• Financial Services: The Commercial Environment. |
| **7. Programmes of study to which module contributes** | Foundation Degree in Banking Practice and Management/Professional Diploma in Banking Practice and Management |
8. Purpose/rationale/positioning

*Retail Financial Services* is an option module within the Foundation Degree programme and is aimed at students working, or aiming to work, in the retail financial services environment responsible for a broad range of customer facing activities. These customers will have needs that initially relate to transaction-based banking facilities then, at some later point, borrowing, protection, investments and, potentially, specialist services. There will be different needs depending on the customers’ life stages and circumstances.

The first strand of the syllabus relates to customers as borrowers. Money deposited by customers and then lent to others is one of the main ways in which financial services organisations generate revenue. The parameters and guidelines within which this activity is undertaken can greatly affect the profitability of an organisation. Therefore, students working in this area will benefit from understanding how their actions when processing applications, particularly those that are assessed manually, can impact on a business’ bottom line. The risk of non-payment is always present when funds have been lent so the various ways this risk can be mitigated are also important here.

The second strand of the syllabus complements the first, as many protection policies are sold to protect dependants against financial hardship resulting from non-payment of loans through illness, death or redundancy. The third strand of the syllabus focuses on investments which, depending on customer circumstances, often occur later in a customer’s life: if the financial service provider has maintained a good relationship, it should be the first point of contact for advice on how to manage these surplus funds.

Through the assessment, students will have the opportunity to demonstrate their ability to apply their technical knowledge to practical situations. There will be emphasis on knowledge and understanding of customers and their needs and the application of relevant services to meet these needs. Students will also have the opportunity to compare and contrast different options available to customers and to demonstrate their understanding of why a particular product or solution may be appropriate. Students should be prepared to discuss the pros and cons of a range of topics from across the syllabus to demonstrate that they would be able to operate with authority in a customer-facing situation.
9. **Intended subject-specific learning outcomes and, as appropriate, their relationship to programme learning outcomes**

On completion of this module, students will be able to:

1. evaluate the legal and practical principles of effective personal customer management;
2. assess personal lending propositions using techniques of credit risk assessment in order to justify lending decisions;
3. explain and evaluate the practical principles of personal investment solutions;
4. explain the practical application of insurance/assurance solutions;
5. consider the methods of effective credit monitoring, control and recovery, and demonstrate how and when to apply them;
6. understand the different types of customer and the nature of the formation/termination of the banker-customer relationship;
7. discuss the general principles of security, and define and demonstrate the legal and practical implications of different types of security;
8. discuss the general principles of insolvency, and define and demonstrate the legal and practical implications of insolvency; and
9. discuss the major services available to personal customers of a mainstream financial services organisation.

These intended module learning outcomes contribute to the following programme learning outcomes: A2, A4, A8, A9, A11, A13, together with the generic programme skills set out in section B-D of the programme specification.

10. **Intended generic learning outcomes and, as appropriate, their relationship to programme learning outcomes**

On completion of this module students will be able to demonstrate achievement of the following generic learning outcomes:

1. Ability to learn through reflection on practice and experience.
2. Ability to undertake detailed research on a particular area and work with complex material.
3. Ability to analyse problems, identify appropriate solutions and make decisions.
4. Ability to work and study independently and utilise resources effectively.
5. Ability to communicate effectively in a manner appropriate to the context and audience.

These intended generic learning outcomes contribute to the generic programme skills set out in section B-D of the programme specification.
11. Methods of delivery

Students are required to follow an approved course of study that provides them with learning support. There are three distinct modes of study:

1. At approved Academic Centres authorised by ifs to provide tuition for the programme.
2. On a distance learning basis with tutorial support being provided by ifs’ network of academic associates.
3. On a flexible learning basis which is distance learning plus 3 enhancement workshops delivered by your academic associate.

Students will be provided with access to my ifslearning (our secure learning environment) that provides access to relevant materials and support for each module. Links to appropriate readings are available from ifs KnowledgeBank, our e-library.

Students may opt to pursue the module by either of the above modes of study, and will undertake their learning for each module within designated study sessions that will culminate in a final assessment.

**Study hours:**

The module is the equivalent of 300 notional learning hours. This learning may be acquired in a variety of ways:

- Via the support offered by Academic Centres, ifs distance learning provision or flexible learning provision.
- By private study.
- By completing formative assignments.
- By learning acquired and applied in the work environment.
- By reflecting on and utilising previous learning.
12. Assessment

Achievement of the learning outcomes for each option module is assessed in two ways:

- Via a written examination.
- Via a summative coursework assignment. This assessment uses the underpinning subject knowledge assessed in the examination as the framework within which to assess the achievement of the intellectual, subject-specific and transferable skills summarised in the module specification. It is recommended for each module that the summative assignment should not be submitted for marking until the associated formative assignments have been submitted and tutor feedback has been received.

Examination:

Examination questions will be practical, application-based and be focused at an operational level. According to the nature of the subject matter, a variety of question styles and approaches will be included in the examination. Questions might be based on case study materials and require a discursive answer, a business report or a series of shorter answers. Students will typically be required to explore and compare the technical aspects of an issue or topic or to apply their understanding to, for example, solve a problem or provide a recommended solution for a customer. Feedback will be provided on this component.

The question paper will be structured as follows:

- Two compulsory 20-mark questions; and
- One 10-mark question from a choice of two.

The pass mark for this component is 40%.

Time allowed: Two hours [plus 15 minutes preparation time].

You may use a scientific calculator but it must not be programmable, nor have a wireless-communications capability, nor be capable of storing textual information. It must also not require a mains electricity supply. Calculators with any further functions are not allowed in the examination room.

Summative coursework assignment:

This component will contribute 50% of the overall assessment and will be based upon the submission of one assignment at the end of the course but prior to the examination. The assignment will include questions based on stimulus material. Students will be expected to collect information, undertake research, etc, and the assignment will allow the opportunity to reflect on or analyse comparative perspectives, eg different cultures, countries, organisations, etc. Feedback will be provided on this component.

At regular intervals during the course of study, students will be expected to submit three short formative assignments. These assignments will take the form of developmental learning activities towards the assessed coursework and unseen
examination components and will be integrated within the study plan. They will provide students both with opportunities to reinforce their learning as they progress through the course of study and the opportunity to prepare for both the summative assignment and unseen examination.

Whilst these formative assignments will not contribute to the overall assessment, students are strongly advised to take the opportunity to complete them, as feedback will be provided from their tutor on their progress through the course of study.

The pass mark for this component is 40%.

13. Syllabus overview

This module has been designed to provide the requisite skills, knowledge and understanding to enable students to effectively manage personal customer relationships and to discuss with confidence the main range of retail financial services. The syllabus is arranged in such a way that it takes students from the inception of the customer relationship across the potential financial needs of that customer, through to the termination and ending of the relationship.

The first two syllabus sections provide an introduction to personal customers and their motivations for requiring basic account facilities. Students are provided with an overview of the different types of personal customers and their requirements according to lifecycle stages. The focus then shifts to consider ‘know your customer’ requirements, both regulatory and non-regulatory, and in particular how these are important in relation to account opening and collecting of customer information. The fourth section goes on to look, in general terms, at the principles of the wide range of financial services that are available and this section sets the scene for later syllabus sections that cover these areas in more detail.

Having provided an overview, the later sections go on to discuss the issues relating to lending to retail customers, the need for security and how customers that are at risk of non-repayment of their borrowing can be managed. The availability of protection policies to mitigate this risk is covered at this point, showing how customers can avoid hardship for themselves or their dependants. The syllabus then goes on to explore how more financially secure customers can invest surplus funds and what criteria may be important to them.

The syllabus closes by considering in what circumstances the customer relationship can be terminated. Again, there can be some risk at this point for the financial service provider and the syllabus covers how this type of risk can be dealt with.
14. Syllabus

1. Purpose of the relationship

This section provides an introductory overview to the module where students explore the reasons why customers require banking facilities and what influences their choice of provider. It gives an appreciation of the different choices of delivery channel available to customers and the business reasons why organisations have made these choices available. Building upon previous studies, students will have the opportunity to revisit the contractual and ethical aspects of the relationship between the financial services provider and the customer.

Its focus is learning outcome 1 and covers the following issues:
- A customer’s motivation to hold banking facilities.
- Choice of delivery channel for the customer and the organisation.
- Importance of the contractual relationship.
- Corporate responsibility and ethics.

2. Types of customer

The term ‘personal customer’ covers a number of different customer types. This section aims to explore each of these types, drawing on differences and similarities, so enabling students to start to understand different customer needs. Crucially, to lending and investment scenarios, these customer types derive their income and capital in a variety of ways and this section seeks to make these differences clear.

Its focus is learning outcome 6 and covers the following issues:
- Minors.
- Individuals.
- Joint accounts.
- Mental incapacity.
- Executors and trustees.
- Residency/domicile issues.
- Sources of income/capital for customers.
- Types of employment.

3. Know your customer

‘Know your customer’ principles are key to any financial relationship. This will be considered by students in relation to the aspects of financial crime, perceived lack of financial literacy amongst customers and the necessity to collect sufficient relevant information from customers to enable advisers to give appropriate financial advice. To manage the customer relationship effectively, it will be recognised that customers’ financial needs change throughout their lives and the advice should change accordingly.

Its focus is learning outcome 1 and covers the following issues:
- **Regulatory:**
  - Customer identification.
  - Money laundering.
  - Selling.
• **Non-regulatory issues:**
  - Role and personal skills of the customer advisor.
  - Identifying customer needs.

• **Managing the customer relationship:**
  - Life cycle considerations.

### 4. Know your services

Customers’ financial needs can be fulfilled from a wide choice of services provided by a large range of financial service providers. This section aims to give a general overview of the principles of the main services available, which sets the scene for later sections.

Its focus is learning outcome 9 and covers the following issues:

• **Deposit and money transfer:**
  - Interest bearing accounts.
  - Current accounts.
  - Payment systems.

• **Borrowing:**
  - Unsecured.
  - Secured.

• **Protection:**
  - General.
  - Life.

• **Investments:**
  - Direct.
  - Indirect.

• **Specialist services:**
  - Tax planning.
  - Private banking.
  - Safe custody.

### 5. Lending to retail customers.

(a) **Introduction to the canons of lending for personal customers**

The canons of lending provide a framework around which personal applications for credit can be assessed. However, there is a certain amount of information gathering that has to be undertaken before the assessment stage can be reached. Different assessment methodologies are now available to lenders and students should be able to explain the main drivers behind their usage and the relative advantages and disadvantages. There will be a focus on the practical application of theory to scenarios.
Its focus is learning outcome 2 and covers the following issues:

- The information required and the corroboration of that information in a lending proposition.
- Assessing the credit risk of different types of personal applicant for credit (NB: knowledge of accounting analysis is not required).
- Tools for credit risk assessment.
- Evaluation of a lending proposition.
- The role of various credit bureaux in lending assessment and control.

(b) Establishing the need for security

This section focuses upon the circumstances in which a lender would require security and helps students to understand the strengths and weaknesses of various assets that can be offered. This includes ease of valuation and realisation and the suitability as a secondary source of repayment. Students are not expected to know the detailed procedures for perfecting security.

Its focus is learning outcome 7 and covers the following issues:

Forms and types of security:

- Nature.
- Legal effect/implications.
- Use and enforcement of each.

(c) Post Draw Down Lending Matters

This section considers aspects of lending after the advance has been agreed and drawn down.

Students should understand the conditions placed upon customers by lenders in order to manage their risk to ensure, where possible, that lending is repaid. There will be instances where repayment does not occur as planned, and the steps taken by lenders to manage the risk on non-payment are explored. The options for customers who fail to repay are covered, along with external sources of help for those that get into severe difficulty.

Its focus is learning outcome 5 & 8 and covers the following issues:

Terms and conditions of lending:

- Credit monitoring, control and recovery:
  - Credit monitoring.
  - Warning signals.
  - Actions a bank may take when following warning signals.
  - Collections and recoveries.
- Personal insolvency:
  - Who’s who of personal insolvency.
  - Implications and outcomes, including impact on security.
• **Safeguards for the customer:**
  - Statutory.
  - Code of practice.
  - External agencies.

6. **Protection**

This section looks at (in overview only) particular client needs in relation to key areas of vulnerability such as premature death, severe illness or disability and redundancy and how the financial impact of events such as these can be mitigated.

Its focus is learning outcome 4 and covers the following issues:

- **Why customers need protection**
- The concept of insurable interest.
- **When**
- The link to life cycle events.
- **How protection can be provided**
- Main types of policy: general, life, health, redundancy.

7. **Investment**

Customers may have needs that relate to the investment of surplus funds either from monthly income or from one-off lump sums. This section aims to provide general coverage of the types of issues that will be important to customers in this position and the merits of various types of services to meet those needs. Financial investments, with their attendant risks, are subject to a regulatory regime, this and the compensation available to customers, is discussed.

Its focus is learning outcome 3 and covers the following issues:

- **Why customers want to invest:**
  - Savings vs investments.
  - Levels of liquidity.
  - Risk and reward (security of capital invested).
  - Income or growth.
  - Term of investment.
  - Tax efficiency/non-UK residency.
  - Ethical investment.
  - Benefits and how they are taken.

- **When:**
  - The link to life cycle events.

- **How: types of investment/financial services products:**
  - Lump sums.
  - Regular savings.
  - Direct/indirect (equity backed).
  - Collective investments: unit trusts, OEICs, etc.
  - Life assurance based investments.
  - Stakeholder/personal pensions.
  - ISAs.
  - Offshore investments.
8. Termination of the relationship

There is a variety of ways in which the customer relationship can be severed, by either the customer or the financial services provider. This section deals with a number of these occurrences and the actions that the service provider needs to take to manage the risk of non-payment where funds have been lent.

Its focus is learning outcome 6 and covers the following issues:

- Notice of termination.
- Mental incapacity.
- Death.
- Insolvency.