

**The London Institute
of Banking & Finance**

Retail Financial Services



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MODULE SPECIFICATION

1. Title	Retail Financial Services	
2. Start date	2016	
3. Level of module	Level 5 FHEQ	
4. Number of credits	30 Credits	ECTS Value
		15
5. Status	An optional module within: <ul style="list-style-type: none"> Professional Diploma in Banking Practice and Management 	
6. Recommended prior modules	<ul style="list-style-type: none"> Organisational Management in Financial Services Financial Services: The Commercial Environment 	
7. Programmes of study to which module contributes	<ul style="list-style-type: none"> Professional Diploma in Banking Practice and Management 	
8. Campus / Partner	N / A	
9. Syllabus overview	<p>Retail Financial Services is an option module aimed at those working, or aiming to work, in the retail financial services environment responsible for a broad range of customer-facing activities. Retail customers in this context relate to consumers and small business enterprises with annual turnover of up to £1m in the context of the UK regulated environment. These customers 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.</p> <p>This module has been designed to provide the requisite skills, knowledge and understanding to enable students to effectively manage retail customer relationships and to discuss 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.</p> <p>The first strand of the syllabus provides an introduction to the reasons and motivations for basic account facilities for the various different types of retail customer. The module syllabus analyses the regulation of the retail financial services marketplace where deposits made by customers are cycled through lending to generate revenue. The focus centres on the importance of the regulatory and non-regulatory requirements established in 'Know Your Customer', with particular attention to account opening and the collection of customer information. A basic understanding of the manual processing of applications, with an appreciation of the risk of non-payment and the effect on the overall profitability to an organisation is essential.</p> <p>The second strand focuses on the lending framework and the types of security that are sought by lenders. It also discusses the strategies employed to mitigate the risks of non-payment of loans and the hardship arising from this, through a range of products and services that are available to customers.</p> <p>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.</p>	

The syllabus concludes 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.

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.

10. Intended subject specific learning outcomes and, as appropriate, their relationship to programme learning outcomes

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

- a) evaluate the legal and regulatory principles of effective retail customer management;
- b) analyse the different types of customer and the nature of the formation / termination of the banker–customer relationship;
- c) discuss the major services available to retail customers of a mainstream financial services organisation;
- d) explain the lending cycle for retail customers including assessment, monitoring, control and recovery;
- e) discuss the general principles of security, and the legal and practical implications of different types of security;
- f) evaluate the principles of retail investment solutions;
- g) explain the significance of insurance / assurance solutions; and
- h) discuss the general principles of insolvency, and explain the legal and practical implications of insolvency.

These intended module learning outcomes contribute to the following programme learning outcomes: A1, A2, A3, A4, A5, A6 and A7.

11. 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 learning outcomes set out in section B–D of the programme specification.

12. Learning and teaching

A. Learning hours

For a module of study worth 30 credits, the total expected study hours are 300 (ie ten hours per credit). The contact hours will depend upon the student's mode of study.

B. Tuition support

Distance learning

Distance learning allows students to study independently within a clear framework, but at a pace that suits their personal circumstances and study needs. Over their course of study (24 weeks), students will be provided with comprehensive learning materials, study guides and will be assigned to a subject specialist academic tutor to support their studies. Distance learners will have regular contact with their Academic Tutor and further practical support is available from The London Institute of Banking & Finance Student Services.

Flexible learning

Flexible learning allows distance learners to opt for three face-to-face workshops of approximately six hours each, evenly spread at appointed dates in each session (24 weeks).

Dispersed campuses

Dispersed campus students will have regular face-to-face sessions over each session of study. The timing will depend upon local timetabling arrangements (eg via evening classes).

Full-time students

Full-time students will study on a semester basis supported by their module Lecturer. The weekly timetable will be advised at the start of the programme.

C. Learning materials and learning outcomes

The learning and teaching strategy is designed to ensure that the students achieve the learning outcomes by the end of the module. The learning and teaching methods include formal lecture and tutorial (full-time), online learning support from an appointed Lecturer (distance / flexible learning), private study of text and other supporting materials, a formal assignment, informal exercises, (both individual and group-based), and pooling of experience and knowledge through class / forum and individual discussion. The assessment strategy is designed to achieve a balance between testing the student's skills of knowledge recall and understanding, and those of research and application.

D. Reading

Students will be provided with a core text or equivalent, as detailed below, but will also be expected to read and research the recommended reading on the course website. Lecturers may also recommend additional reading throughout the module.

Essential reading

- Bateson, C. (2012) *Retail Financial Services*. Canterbury: *ifs School of Finance*. 2nd Edition.

Each student will have access to the virtual learning environment (VLE) and to KnowledgeBank learning resources (containing an electronic library service). A list of further readings relating to the syllabus and summative assignment can be found on the VLE.

It should be noted that due to the rapidly changing environment that encapsulates the financial services sector, the reading list above is indicative only. It is subject to review and update at the discretion of the module team. An up-to-date reading list is published in the study guide issued at the commencement of the module.

13. Assessment

Component	Duration / Length	Weighting
Component 1 Summative assignment	4,000 words including quotations and in-text citations	50%
Component 2 Examination	2 hours (plus 15 minutes' preparation time)	50%

Component 1: Summative assignment

This component will contribute 50% of the overall assessment and will be based on 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.

The pass mark for this component is 40%.

Component 2: 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%.

A scientific calculator may be used 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.

At regular intervals during the course of study, students will be expected to submit short formative assignments. These assignments will take the form of developmental learning activities towards the assessed assignment 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 Lecturer on their progress through the course of study.

Students should be aware of the regulations governing the award of credit and the arrangements for compensation, condonement and the capping of marks. Students should also be aware of the regulations relating to the resitting of assessment components and / or the retaking of modules. This information is contained within The London Institute of Banking & Finance's General and Academic Regulations for Students sections 7, 8 and 9.

Module Grading

A student's module performance grade is determined by their overall weighted average percentage score in accordance with the following:

Pass:	40%	-	59%
Merit:	60%	-	69%
Distinction:	70%	-	100%

14. Syllabus

1. 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. Students will have the opportunity to consider the contractual aspects of the relationship between the financial services provider and the customer. To include:

- A customer's motivation to hold banking facilities.
- Choice of delivery channel for the customer and the organisation.
- Alternative providers of financial services.
- Importance of the contractual relationship.
- Corporate social responsibility, ethical and sustainable policies.
- Professional conduct.

2. Types of customer accounts (or types of customers and their representatives)

The term 'retail customer' covers a number of different customer types. This section explores each of these types, drawing on differences and similarities, so enabling comprehension of different customer needs. To include:

- Minors.
- Individuals.
- Joint accounts.
- Small businesses, including not-for-profit organisations.
- Customer representatives such as executors, administrators, trustees and power of attorney.

Together with consideration of:

- Non-residence and domicile issues.
- Sources of income / capital for customers.

3. Know your customer

To manage the customer relationship effectively, it will be recognised that customers' financial needs change throughout their lives and the advice should change accordingly. 'Know your customer' principles are key to any financial relationship. This will be considered 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 include:

- Life cycle considerations and identifying customer needs.
- Know Your Customer.
- Treating Customers Fairly.
- Appropriate sales practices and mis-selling.
- Financial capability.
- Role and personal skills of the customer adviser.
- Regulation, regulatory bodies and Sourcebooks.

Managing the customer relationship:

- Life cycle considerations.
- Compensation schemes.
- Ombudsman.

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 provides a general overview of the services available. To include:

- **Deposit and money transfer:**
 - Deposit accounts.
 - Banking Conduct of Business Sourcebook.
 - 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 retail customers

The canons of lending provide a framework around which retail applications for credit can be assessed. Different assessment methodologies are available to lenders and this section explains the drivers behind their usage, including the relative advantages and disadvantages.

- Assessing affordability requirements in a lending proposition.
- Tools for credit risk assessment.
- The role of various credit bureaux in lending assessment and control.
- Risk based pricing.
- Responsible lending and Sourcebooks.

(b) Types of security

This section focuses upon the circumstances in which a lender would require security and discusses 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. To include:

- When security is required.
- Assets that can be offered as security.
- Legal effect and implications of enforcement.

(c) Post-drawdown lending matters

This section considers aspects of lending after the advance has been agreed and drawn down. 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 with delinquent debt. To include:

- **Credit monitoring, control and recovery:**
 - Credit monitoring.
 - Warning signals.
 - Actions a lender may take when following warning signals.
 - Collections and recoveries.
- **Insolvency:**
 - Personal and commercial insolvency.
 - Implications and outcomes, including impact on security.
- **Safeguards for the customer:**
 - Statutory regulation and regulators.
 - Code of practice.
 - External agencies and sources of advice.

6. Protection

This section looks at 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. To include:

- The concept of insurable interest.
- Insurance and life cycle events.
- Main types of policy: general, life, health, redundancy.
- Insurance: Conduct of Business Sourcebook.

7. Investment

Customers may wish to invest surplus funds either from monthly income or from one-off lump sums. This section introduces the types of issues important to customers in this position and the merits of various types of services to meet those needs. To include:

- **Considerations of customer investment:**
 - Savings vs. investments and length of commitment.
 - Levels of liquidity risk and reward.
 - Income or growth.
 - Tax efficiency / non-UK residency.
 - Ethical investment.
 - Benefits and how they are taken.
 - Investment and life cycle events.

- **Types of investment / financial services products:**
 - Lump sums or regular savings.
 - Direct / indirect (equity backed).
 - Collective investments: unit trusts, OEICs, etc.
 - Life assurance based investments.
 - NEST / 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 how these occurrences can arise, and the actions that the financial services provider needs to take in relation to retail customers. To include:

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