

# **LIBF Level 3 Certificate in** **Principles of Payments (CertPAY)**

Qualification specification



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## Purpose of the qualification

### Why study the LIBF Level 3 Certificate in Principles of Payments (CertPAY)?

Our industry-focused Level 3 Certificate in Principles of Payments (CertPAY) offers an introduction to the payments industry, providing you with a comprehensive understanding of payments including compliance and strategy. The qualification will allow you to develop specialist knowledge and skills relating to products, purpose, structure and inherent risks associated with payments.

If you are working in, or looking to work in, the payments industry, completing CertPAY will demonstrate your knowledge and understanding of the sector, and provide a formal recognition of your professionalism.

### Objectives

For those already working within the sector, CertPAY will enhance your employability by demonstrating your professionalism and understanding of key knowledge that will differentiate you from your peers. CertPAY provides newcomers to the payments sector with a solid foundation across the payments industry, within the UK and internationally, and is broad enough to be relevant to the ever-widening market.

### Key content areas

- Purpose and structure of the payments industry.
- Types, parties to and definitions of the component parts of the payments industry.
- Economic value and systemic importance of payments.
- Operations and functions, including customer service, technology and risk assessment.
- The legal, regulatory and compliance framework.

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## Qualification learning outcomes

On completing this qualification, in the context of the payments industry you will understand:

LO	Detail
LO1	the component parts of payments
LO2	the economic value and systemic importance of payments
LO3	the infrastructure of payments
LO4	payment regulation and compliance
LO5	the risk and security associated with the payments industry
LO6	the international payment context

## Key skills developed

The qualification will encourage you to:

- develop an understanding of how the payments industry and its products respond to the drivers of change in the wider environment and how these changes affect individual or business financial decision-making;
- develop an understanding of current technical language and regulation of payments; and
- increase your ability to work and learn independently.

## Entry requirements

Prior knowledge of payments is not essential as the qualification is designed to be detailed yet accessible.

There are no specified entry requirements. However, you need to be satisfied of your ability to study in English at the International English Language Testing System (IELTS) band 6<sup>1</sup> / the Common European Framework (CEFR) at B2.

## Recognition of prior learning

We recognise prior learning in different forms. This means that you may not be required to register for every unit. Details of how to apply for recognition of prior learning are available on our [website](#).

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<sup>1</sup> <http://takeielts.britishcouncil.org/find-out-about-results/understand-your-ielts-scores>

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## Progression and preparation for further study

When you have successfully completed CertPAY, you may want to consider further study with The London Institute of Banking & Finance. Our [Professional Qualifications](#) cover a wide range of topics and areas including banking, trade finance, financial advice, mortgage advice, complaints handling and other specialist qualifications.

## Apprenticeships

CertPAY is not currently available through an apprenticeship standard.

## Preparation for employment / professional development

This qualification has been designed for you, if you are working or aspiring to work within the payments industry; it has been designed to develop knowledge and understanding of the payments industry and enhances skills that are valued within that sector and others.

## Structure

CertPAY is made up of **two mandatory units** which need to be successfully completed in order for the student to achieve the award:

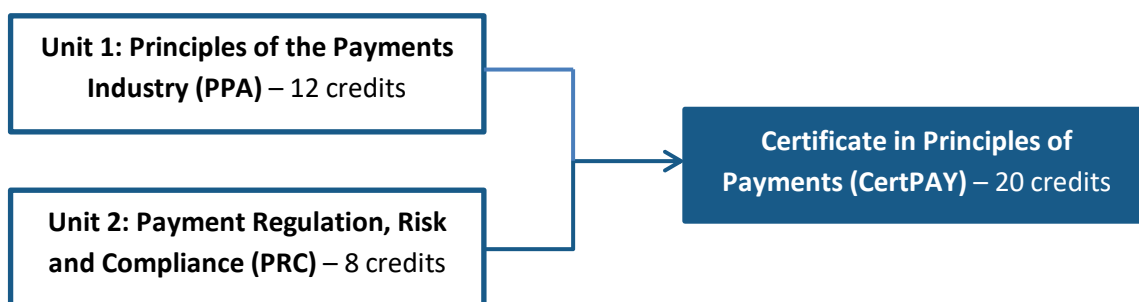


Figure 1 – qualification structure

The detailed unit specifications are available at Appendices 3 and 4 to this document and latest versions are always available through our course website.

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## Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements, Guided Learning (GL) and all other hours:

- GL is time spent studying under the immediate guidance of supervision of a teacher.
- All other hours include hours spent unsupervised in research, learning, e-learning, e-assessment, completing coursework, completing homework, exam preparation, and formal assessments.

CertPAY is primarily considered as a distance learning qualification with on-demand examination sessions.

Guided Learning Hours	1 hours
Other hours	199 hours
Total Qualification Time	200 hours

## Learning resources

You will be provided with the following learning resources<sup>2</sup>:

- online access via **My LIBF** to learning materials and to KnowledgeBank (e-library);
- specimen examination paper;
- unit syllabuses; and,
- study plan.

## What to do before the assessment

Examinations are sat electronically at any one of the Pearson VUE test centres worldwide. You must be registered to sit an examination at a centre of your choosing (subject to demand / availability); this is managed by you. It is recommended that you book your exam 3 weeks in advance of the date

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<sup>2</sup> Please note that all course study materials and examination papers are written in British Standard English.

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you wish to sit. However, subject to availability, an examination can be booked as little as 2 working days in advance. Examinations can be booked via the [Pearson VUE website](#) or by [phone](#).

To prepare for the assessment, you should make use of all learning resources.

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## Assessment

Both units are mandatory and assessed by way of a single, two part, examination. Each unit is assessed via the following method:

- i. Unit 1: 35 stand-alone multiple-choice questions (total marks 35); and
- ii. Unit 2: 25 stand-alone multiple-choice questions and 2 case studies each with 5 associated questions (total marks 35).

For the multiple-choice assessment for Unit 1 and Unit 2, each item will require you to choose the correct answer from a choice of four possible answers. To achieve a pass for Unit 1 and Unit 2, you are required to achieve at least 70% in each unit.

Appendix 2 provides detail of component weighting.

## Qualification grading

The overall qualification will be graded pass only. To achieve a pass, you must achieve at least 70% in each unit.

Feedback is provided via analysis sheets (available on [www.MyLIBF.com](http://www.MyLIBF.com)) in order to see the relative strength of assessment performance.

## Resit attempts

As CertPAY comprises two units, you will only need to resit the unit in which you are unsuccessful. There are no restrictions on the number of times you can resit a unit although each resit will require a new registration.

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## Appendices

### Appendix 1 – Regulation detail

This document describes the regulation detail that is applicable to the qualification.

<b>Qualification title</b>	LIBF Level 3 Certificate in Principles of Payments (CertPAY)
<b>Ofqual qualification number</b>	603/0988/X
<b>Regulated Qualifications Framework (RQF) level</b>	3
<b>European Qualifications Framework (EQF) level</b>	4
<b>Qualification Type</b>	Vocationally-Related Qualification
<b>Guided learning hours</b>	1
<b>Total qualification time</b>	200
<b>Total credits</b>	20
<b>Sector Subject Area</b>	15. Business, Administration, Finance and Law
<b>Sub SSA</b>	15.1 Accounting and finance
<b>Overall grading type</b>	Pass
<b>Assessment methods</b>	Multiple-choice
<b>Regulated in</b>	England
<b>Qualification for ages</b>	16-18 and 19+
<b>Operational start date</b>	29 March 2017
<b>Qualification description</b>	The CertPAY consists of two mandatory units. A total credit value of 20 must be obtained for achievement of the qualification.

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## Appendix 2 – Unit 1 – Principles of the Payments Industry (PPA)

A description of Unit 1 (PPA) that provides detail on syllabus content, learning outcomes and assessment criteria.

### Unit 1 Profile

This unit introduces you to the payments industry by focusing on the structure of the payments industry and the interaction between the types of payment methods, infrastructure and the parties involved. You will gain an understanding of the economic value and systemic importance of payments along with knowledge of the structure of relevant payment systems. You will gain an appreciation of how payments are used and how they work in an international context.

<b>Unit title</b>	Principles of the Payments Industry (PPA)
<b>Ofqual unit reference number</b>	H/615/4519
<b>Unit level</b>	3
<b>Unit credit value</b>	12
<b>Typical study hours</b>	120

### Unit 1 assessment method

The assessment of Unit 1 will have one component:

- a. 35 multiple-choice questions. This component of the examination is to be completed in 40 minutes. This component of the examination is worth 35 marks.

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## CertPAY earning outcomes, assessment criteria and indicative content

### Unit 1 learning outcomes / assessment criteria

Learning outcome (LO) <b>The learner will:</b>	Assessment criteria (AC) <b>The learner can:</b>
1. Understand the component parts of payments	<ul style="list-style-type: none"><li>1.1 Identify the key features of payments.</li><li>1.2 Distinguish between different types of payment and explain the payment process.</li><li>1.3 Identify the parties to payments, distinguish between charging conventions and explain straight-through processing.</li><li>1.4 Identify different approaches to ensure customers receive value and the importance of providing appropriate advice.</li></ul>
2. Understand the economic value and systemic importance of payments	<ul style="list-style-type: none"><li>2.1 Identify how trade can be facilitated and identify the impacts of late payments.</li><li>2.2 Identify different ways that payments are reported.</li><li>2.3 Identify concepts of liquidity management and reasons why liquidity management is important.</li><li>2.4 Identify the impact of business continuity and external economic factors on the payments industry.</li><li>2.5 Identify different trends in the foreign exchange market and the impact on business.</li><li>2.6 Identify the socio-economic and international features of the payments industry.</li></ul>

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<p>3. Understand the infrastructure of payments</p>	<p>3.1 Identify the key features of the payments industry.</p> <p>3.2 Identify the key operations within the payment industry.</p> <p>3.3 Identify main channels, methods of connectivity and infrastructure and the digital transformation of payments.</p> <p>3.4 Identify the technical standards used within the payments industry and various standardisation initiatives.</p>
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INDICATIVE CONTENT	
<b>LO1:</b>	<b>Understand the component parts of payments</b>
AC1.1	<p>Identify the building blocks of payments.</p> <ul style="list-style-type: none"> <li>- The evolution of payments</li> <li>- Payments supporting business – receiving payment for goods and services, paying salaries and dividends</li> <li>- Payments as a building block of cash management</li> <li>- Receipt of a payment</li> <li>- How money moves i.e. payment systems</li> </ul>
AC1.2	<p>Distinguish between conventional types of payment and explain the payment process.</p> <ul style="list-style-type: none"> <li>- Types of payment, definitions, and global terminology</li> <li>- High-value payments (ie RTGS, CHAPS, Fedwire, Wire Transfer, Tested Telex)</li> <li>- Low-value payments (ie ACH, iACH, BACS, Faster Payments, Direct Debit)</li> <li>- Instant payments</li> <li>- Cross border, SWIFT, international wire transfer, FX Payment</li> <li>- Book transfer</li> <li>- Card payments (debit, credit, prepaid)</li> <li>- Paper (ie cheque, banker's draft)</li> <li>- Cash</li> </ul> <p><b>Settlement and irrevocability:</b></p> <ul style="list-style-type: none"> <li>- When value is received</li> </ul> <p><b>Mobile payments</b></p> <ul style="list-style-type: none"> <li>- Instant payments via telecommunications networks</li> <li>- Mobile wallets utilising cards (or Card applications utilising mobile devices)</li> <li>- Mobile money facilitated by telecommunications networks</li> <li>- Digital currencies - private cryptocurrencies; stablecoins; CBDCs</li> </ul>

AC1.3	<p>Identify parties to payments, distinguish between charging conventions and explain straight-through processing.</p> <p><b>Parties to a payment:</b></p> <ul style="list-style-type: none"> <li>- Remitter / beneficiary</li> <li>- Clearing systems <ul style="list-style-type: none"> <li>• Service providers:</li> <li>• Correspondent banks</li> <li>• Payment service providers (remitting and beneficiary)</li> </ul> </li> <li>- Charging Conventions: <ul style="list-style-type: none"> <li>• Beneficiary Deduct (BEN)</li> <li>• Share (SHA)</li> <li>• Our (OUR)</li> <li>• High value and time sensitive payments versus low value and repetitive payments</li> <li>• Payment systems that use interchange eg cards and ATM networks</li> </ul> </li> <li>- Straight-through processing</li> </ul>
AC1.4	<p>Identify different approaches to ensure customers receive value and the importance of providing appropriate advice.</p> <ul style="list-style-type: none"> <li>- Ensuring value for customers by understanding cost, time and risk</li> <li>- Providing appropriate guidance</li> </ul>
<b>LO2:</b>	<b>Understand the economic value and systemic importance of payments</b>
AC2.1	<p>Identify how trade can be facilitated and identify the impacts of late payments.</p> <ul style="list-style-type: none"> <li>- Enablement for business / government</li> <li>- Impact of late payments: <ul style="list-style-type: none"> <li>• Trade</li> <li>• Individuals</li> </ul> </li> </ul>
AC2.2	<p>Identify different ways that payments are reported.</p> <p><b>Information reporting:</b></p> <ul style="list-style-type: none"> <li>- Data flows</li> </ul>

	<ul style="list-style-type: none"> <li>- Reconciliation</li> <li>- Management information</li> <li>- Creation of efficiencies: forecasting, analysis of spending, days sales outstanding, days payables outstanding</li> </ul>
AC2.3	<p>Identify concepts of liquidity management and reasons why liquidity management is important.</p> <p><b>Liquidity management:</b></p> <ul style="list-style-type: none"> <li>- Maximising availability of cash through payments</li> <li>- Sweep structures (zero-balance accounts / ZBA)</li> <li>- Notional pooling (single and multi-currency)</li> <li>- Single country (in-country) versus regional versus global liquidity management</li> <li>- The impact of the regulatory environment on liquidity management</li> <li>- Payments-on-behalf-of (POBO) and Receivables-on-behalf-of (ROBO)</li> </ul>
AC2.4	<p>Identify the impact of business continuity and external economic factors on the payments industry.</p> <ul style="list-style-type: none"> <li>- External economic factors and how they can impact on payments</li> <li>- Business continuity planning</li> <li>- Context and role of payments in the banking and finance sector</li> <li>- Operational resilience</li> </ul>
AC2.5	<p>Identify different trends in the foreign exchange market and the impact on business.</p> <p><b>Currency fluctuations:</b></p> <ul style="list-style-type: none"> <li>- Fixed exchange rate</li> <li>- Floating exchange rate</li> <li>- Forecasting</li> <li>- Returned payments</li> </ul>
AC2.6	<p>Identify the socio-economic and international features of the payments industry.</p> <ul style="list-style-type: none"> <li>- Variation in sophistication of markets: <ul style="list-style-type: none"> <li>• National and international challenges of financial education and financial inclusion)</li> </ul> </li> </ul>
<b>LO3:</b>	<b>Understand the infrastructure of payments</b>

AC3.1	<p>Identify the key features of the payments industry.</p> <p><b>Market developments:</b></p> <ul style="list-style-type: none"> <li>- industry standards</li> <li>- technology advances</li> <li>- changing client (any 'user' of the payment) needs</li> </ul> <p><b>Competitive landscape:</b></p> <ul style="list-style-type: none"> <li>- increasing importance and evolution of payments</li> <li>- key drivers</li> <li>- enablers of change</li> <li>- greater standardisation</li> <li>- improved access</li> <li>- increased competition in the market</li> </ul>
AC3.2	<p>Identify the key operations within the payment industry.</p> <p><b>Operations:</b></p> <ul style="list-style-type: none"> <li>- Ensuring timely and efficient payment processing</li> <li>- Formatting (straight-through processing or STP)</li> <li>- First line defence: compliance and anti-money-laundering</li> <li>- Customer service</li> <li>- People in payments and outsourcing</li> <li>- Shared Service Centres</li> <li>- Regional Treasury Centres</li> <li>- Centralised versus decentralised operations</li> <li>- Role of network management</li> <li>- Agency relationships / indirect access: <ul style="list-style-type: none"> <li>- Code of conduct of third-party providers; Service Level Standards and Service Level Agreements</li> </ul> </li> </ul>
AC3.3	<p>Identify the infrastructure and the digital transformation of payments, main channels and methods of connectivity</p> <p><b>Channels and connectivity</b></p> <ul style="list-style-type: none"> <li>- Online and mobile banking</li> <li>- Mobile applications, wallets and peer-to-peer payments</li> </ul>



	<ul style="list-style-type: none"> <li>- Traditional channels: branch banking, ATMs and telephone banking</li> <li>- proprietary electronic banking platforms</li> <li>- host-to-host</li> <li>- SWIFT gpi</li> <li>- Payment Networks: RTGS / ACH / Visa / MasterCard / SWIFT</li> <li>- Digital transformation (Fintech)</li> <li>- How do countries organise payments eg trade bodies, operators, regulators</li> </ul> <p><b>Technology and infrastructure:</b></p> <ul style="list-style-type: none"> <li>- centralised v distributed; competitively provided or participant-owned</li> <li>- Creating business and technology architecture (interfaces and challenges)</li> <li>- Bodies within the payments framework (UK, eurozone and other key financial centres), eg NACHA, the Australian Payments Network (AUS), Payments Canada, EPC, <a href="https://europa.eu/european-council/target2">Euro Retail Payments Board (europa.eu)</a>, Target 2</li> <li>- Platform business models</li> <li>- Infrastructure transformation</li> </ul> <p>New business models under Open Banking and Payment Services Directive (EU) / Payment Services Regulations (UK)</p> <ul style="list-style-type: none"> <li>- Emergence and role of enhanced data</li> <li>- Role of blockchain and DLT in payments</li> <li>- New forms of money and their implications</li> </ul>
AC3.4	<p>Identify the technical standards used within the payments industry and various standardisation initiatives.</p> <ul style="list-style-type: none"> <li>- Technical standards – eg ISO 20022 / SWIFT / propriety formatting / PCI DSS</li> <li>- Why standards are important</li> <li>- Are all standards benchmarked?</li> <li>- Multiple global standards</li> </ul>

## Appendix 3 – Unit 2 – Payment Regulation, Risk and Compliance (PRC)

A description of Unit 2 (PRC) that provides detail on syllabus content, learning outcomes and assessment criteria.

### Unit 2 profile

This unit introduces you to the financial services industry by focusing on regulation and risk within the payments industry and compliance requirements. You will gain an understanding of the main regulatory frameworks, standards and financial crime within the context of the payments industry. You will also gain an appreciation of risk, data protection and system security within the payments industry.

<b>Unit title</b>	Payment Regulation, Risk and Compliance (PRC)
<b>Ofqual unit reference number</b>	Y/615/4520
<b>Unit level</b>	3
<b>Unit credit value</b>	8
<b>Typical study hours</b>	80

### Unit 2 assessment method

- ii. The assessment of Unit 2 will have one component:
  - a. 25 multiple-choice questions and two case studies each with 5 linked questions.  
This component of the examination is to be completed in 45 minutes. This component of the examination is worth 35 marks.

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## Unit 2 learning outcomes / assessment criteria

Learning outcome (LO) The learner will:	Assessment criteria (AC) The learner can:
1. Understand payment regulation and compliance	<p>1.1 Identify and interpret the legal and regulatory payments framework.</p> <p>1.2 Identify and interpret central bank requirements and payment regulations.</p> <p>1.3 Identify and interpret the operational standards and directives compliance within the payments industry.</p> <p>1.4 Identify and interpret different types of financial crime within the context of the payments industry.</p> <p>1.5 Identify and interpret the impact of sanctions on the payments industry.</p> <p>1.6 Identify and interpret principles and policies within the payments industry.</p>
2. Understand risk and security associated with the payments industry	<p>2.1 Identify and interpret data protection principles within the context of the payments industry.</p> <p>2.2 Identify and interpret types of risk in relation to payments.</p> <p>2.3 Identify and interpret different types of risk prevention and mitigation within the context of the payments industry.</p> <p>2.4 Identify and interpret different strategies to manage payment incidents.</p> <p>2.5 Identify and interpret different forms of system security within the context of the payments industry.</p>

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## Unit 2 syllabus

INDICATIVE CONTENT	
<b>LO1:</b>	<b>Understand payment regulation and compliance</b>
AC1.1	<p>Identify and interpret the legal and regulatory payments framework.</p> <ul style="list-style-type: none"> <li>- The payment industry ecosystem (i.e. regulators, central banks, trade bodies)</li> <li>- Legal and regulatory payment framework – UK (CMA, Bank of England, PRA, FCA and PSR) / international (Federal Reserve, central banks generally and EU bodies); role of key players</li> </ul> <p>Key payments ‘legislation’ – Payment Services Directive (EU) /Payment Services Regulations (UK)</p> <ul style="list-style-type: none"> <li>- SEPA and Dodd–Frank</li> <li>- Card regulation</li> </ul>
AC1.2	<p>Identify and interpret central bank requirements and payment regulations.</p> <ul style="list-style-type: none"> <li>- Role of central banks (the BIS, the ECB, the BoE, the FED and including CPMI and IOSCO)</li> <li>- Legality and finality of payments (role of settlement finality, and causes and solutions of payment disputes)</li> </ul>
AC1.3	<p>Identify and interpret the operational standards and directives compliance within the payments industry.</p> <ul style="list-style-type: none"> <li>- Compliance requirements for payment service providers and best practice</li> </ul>
AC1.4	<p>Identify and interpret different types of financial crime within the context of the payments industry.</p> <p><b>Financial crime:</b></p> <ul style="list-style-type: none"> <li>- What it is and types</li> <li>- Terrorism</li> <li>- Global standards (FATF)</li> <li>- Fraud</li> <li>- Anti-money-laundering regulations / Europe</li> </ul>

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	<ul style="list-style-type: none"> <li>- Prevention measures (CDD / EDD / SARS)</li> <li>- Detriments in payments and financial crime</li> </ul>
AC1.5	<p>Identify and interpret the impact of sanctions on the payments industry.</p> <ul style="list-style-type: none"> <li>- Sanctions</li> <li>- Penalties and fines</li> <li>- Bodies eg OFAC / HMT / suppliers of data</li> <li>- Quality of data and the drive to improve</li> </ul>
AC1.6	<p>Identify and interpret principles and policies within the payments industry.</p> <ul style="list-style-type: none"> <li>- Conduct and ethics (ie regulation, compliance, trends, data sharing, and terms and conditions)</li> <li>- The significance of ethical behaviour in the payments sector and the potential costs of unethical behaviour</li> <li>- Legal / moral and regulatory regimes (ie IAR, SMR)</li> </ul>
<b>LO2:</b>	<b>Understand the risks and security associated with the payments industry</b>
AC2.1	<p>Identify and interpret data protection principles within the context of the payments industry.</p> <ul style="list-style-type: none"> <li>- Data protection and third-party relations</li> <li>- Data processing outsourcing, cyber and data theft issues)</li> <li>- Legal and regulatory framework – awareness and practicalities</li> </ul>
AC2.2	<p>Identify and interpret types of risk in relation to payments.</p> <ul style="list-style-type: none"> <li>- Types of risk (i.e. political, operational, settlement, currency, conduct, credit and economic)</li> <li>- Cyber risk and system security (trust that payments will be secure, maintaining system integrity against growing/changing threat landscape the integrity of the system / key features)</li> <li>- Systemic risk to the payments industry</li> </ul>
AC2.3	<p>Identify and interpret different types of risk prevention and mitigation within the context of the payments industry.</p> <ul style="list-style-type: none"> <li>- Risk prevention and mitigation</li> <li>- Three lines of defence</li> <li>- Risk / business impact assessments (KPIs)</li> <li>- Risk matrix taking into account probability and impact</li> </ul>

AC2.4	<p>Identify and interpret different strategies to manage payment incidents.</p> <ul style="list-style-type: none"> <li>- Managing payment incidents – how to manage / mitigate risk of payment breaches</li> <li>- Reporting and monitoring</li> <li>- Escalation notification and management</li> <li>- When a payment goes wrong</li> <li>- Role of affected parties (ie payee / payer / PSP / system operator)</li> <li>- Risk event checklist</li> </ul>
AC2.5	<p>Identify and interpret different forms of system security within the context of the payments industry.</p> <p><b>Security:</b></p> <ul style="list-style-type: none"> <li>- Chip and PIN</li> <li>- New approaches to security</li> <li>- Information security</li> <li>- General online security measures</li> <li>- ID verification</li> <li>- Multi-factor authentication</li> <li>- Cyber security management</li> <li>- Need to keep pace with change (both payment organisations and educating consumers)</li> </ul>