

GCSE

Financial Services

**Single Award
January 2009**

Mark Scheme

Issued: April 2009

**NORTHERN IRELAND GENERAL CERTIFICATE OF SECONDARY EDUCATION (GCSE)
AND NORTHERN IRELAND GENERAL CERTIFICATE OF EDUCATION (GCE)**

MARK SCHEMES (2009)

Foreword

Introduction

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.

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Rewarding Learning

**General Certificate of Secondary Education
January 2009**

Financial Services: Single Award

Unit 3: The Operation of the
Financial Services Industry

[GSF31]

WEDNESDAY 7 JANUARY, MORNING

**MARK
SCHEME**

Section A

AVAILABLE
MARKS

Answer the **two** questions in this section

- 1 (a) Define the term “marketing”.

In this context, this is regarded as the combination of key elements of marketing activity undertaken by a financial services provider, aimed at ensuring that the organisation provides its products and services to customers at the right time, price and location i.e. meeting the needs of the market. The Marketing Mix is generally regarded as being made up of 4 elements: Product, Price, Place and Promotion (4 P’s).

Marking: [2] for suitable explanation of concept; [2] for identification of 4 P’s.

([2] + [2]) [4]

- (b) A financial services provider could meet the requirements of customers with reference to the following elements of the “marketing mix”:

- (i) Place:

This is the means by which the financial services provider will deliver the actual financial product or service to customers.

Examples include branch networks, Internet, Telephone, Email, personal visits, and other valid distribution channels. Alternative suggestions accepted.

Marking: [2] for suitable explanation of the concept; [2] for application using relevant example.

([2] + [2]) [4]

- (ii) Promotion:

This is the means by which the financial services provider creates/sustains an awareness of products/services in the minds of customers, convincing them of the need for a particular financial product/service.

Examples include advertising, promotion, discounts, publicity, public relations. Alternative suggestions accepted.

Marking: [2] for suitable explanation of concept; [2] for application using relevant example.

([2] + [2]) [4]

- (iii) Price:

This is the cost charged by the financial service provider in relation to the provision of financial services/products.

Examples include interest payments, bank charges, administration fees, set-up costs, arrangement fees, discounts, premiums, pension contributions. Alternative suggestions accepted.

Marking: [2] for suitable explanation of concept; [2] for application using relevant example.

([2] + [2]) [4]

(iv) Product:

This is the actual financial product or service provided by the financial service provider.

Examples include mortgages, banking services, insurance policies, buy-to-let schemes, development finance, commercial investment; commercial owner occupier, finance and pensions. Alternative suggestions accepted.

Marking: [2] for suitable explanation of concept; [2] for application using relevant example.

([2] + [2])

[4]

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- 2 (a) The main objectives of the FSA are:
- Maintaining confidence in UK financial system. Achieved by supervising exchanges, and other market providers.
 - Promoting public understanding of the financial system. Help consumers become better informed.
 - Secure a degree of protection for the consumers of financial products. Vetting/ authorisation of firms carrying on regulated activities.
 - Help reduce financial crime, e.g. money laundering.

Marking: Allow [2] for each point stated; [1] for identification of each objective; [1] for explanation.

(4 × [2]) [8]

- (b) Customers are required to prove their identity to ensure traceability of financial transactions.

Marking: [2] for suitable explanation of concept of proof of identity. [2]

- (c) **Three** examples of documents (with explanation) which a customer could use to prove their identity:

- Passport – contains a photograph of passport holder;
- Driving Licence – contains a photograph/name/address of licence holder;
- Social Security/Benefit Book – contains name/address of claimant;
- Utility Bill/Bank Statement – contains name/address of account holder.

Marking: Allow [1] to identify example of identification; [1] for explanation of how it identifies a customer.

(3 × [2]) [6]

- (d) Explain the role of the Financial Ombudsman Scheme (FOS) within the UK Financial Services Industry.

- Financial Ombudsman Scheme provides consumers with a free independent service for resolving disputes with financial services firms.
- This means that when consumers complain for example, about missold endowments, or are unhappy with the response received from the firm, the complaint can be taken to the Ombudsman service.
- The Ombudsman considers all the evidence impartially, and the decision is binding.

Marking: Allow [2] for identification of role of FOS; [2] for suitable application.

(2 × [2]) [4]

40

Section B

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- 3 (a) From the point of view of a customer of the Northern Bank living in Claudy or Eglinton, identify and explain two reasons why a local branch would be important to them.
- Accessibility: enables daily access to the availability of financial products and services of the Northern Bank;
 - Personal service: enables clients to benefit from a closer level of personal service where they can meet Northern Bank staff face to face to discuss financial needs which isn't available on the Internet, for example;
 - Convenience: enables clients to acquire financial products/services within a short travelling distance from the Northern Bank.

Marking: Allow [2] for each point explained; [1] for application to stimulus.
(2 × [3]) [6]

- (b) Explain **two** ways in which the closure of the branches in Eglinton and Claudy, will affect the Northern Bank.
- Loss of convenience for customers: does not enable daily access to the availability of financial products and services of the Northern Bank – loss of customer goodwill;
 - Loss of personal service: does not enable clients to benefit from a level of personal service in their local area, where they can meet Northern Bank staff face to face to discuss financial needs;
 - Bad publicity – does not enable customers to acquire financial products/services immediately on demand as they will have to travel further to get to the nearest larger Northern Bank branch;
 - Alternatives – may force customers to seek advice using other means, e.g. telephone banking, Internet banking.
 - Allows Northern Bank to reduce costs/increase profitability.

Marking: Allow [2] for each point explained; [1] for application to stimulus.
(2 × [3]) [6]

- (c) As a result of the closure of the two branches in Eglinton and Claudy by the Northern, evaluate two alternative methods of banking by which the Northern Bank can meet the financial services needs of customers following the branch closure.

- (i) Internet Banking:
- This is the completion of banking activities using online facilities;
 - Perceived benefits include convenience for customers, since banking can be done remotely, and 24/7 accessibility.
- (ii) Telephone Banking:
- This is the completion of banking activities using telephone facilities;
 - Perceived benefits include convenience for customers, since banking transactions can be done once identification is verified, and available out of hours.

Marking: Allow [4] for each point stated; [1] for identification of alternative; [2] for explanation of alternative; [1] for application to stimulus.
(2 × [4]) [8]

4 This question relates to the material in Source 2 of the case study.

(a) Types of training which staff would be expected to undertake if employed by AXA insurance.

(i) “Internal training”:

Called “on the job” training; provided by firm itself (AXA Insurance); staff learn as they work; Tutor likely to be a current employee, e.g. customer services officer, sales staff.

(ii) “External training”:

Called “off the job” training; provided by those outside firm, e.g. tutoring for completion of banking/insurance exams; management skills, customer relations management.

Marking: Allow [2] for each type of training explained; [1] for application to stimulus.

(2 × [3]) [6]

(b) One reason why AXA Insurance might use internal training:

- fully related to firms needs, being delivered “in-house”, personnel more familiar with processes etc.
 - quick and inexpensive to organise
- (Alternative suggestions accepted)

Marking: Allow [2] for explanation of why AXA Insurance would use internal training; [1] for application to stimulus.

([2] + [1]) [3]

(c) One reason why AXA Insurance might use external training:

- high standard of training/highly regarded
 - introduces new ideas/techniques
- (Alternative suggestions accepted)

Marking: Allow [2] for explanation of why AXA Insurance would use internal training; [1] for application to stimulus.

([2] + [1]) [3]

5 (a) Explain the parts played by the following documents in AXA's recruitment process:

(i) "Job application form":

- A form (hard copy/internet based) enabling applicant to complete personal and professional information regarding an application for employment;
- Case study indicates that these can be obtained online or via telephone/email from AXA insurance.

Items which are most likely to appear in a "job application form":

- Name of financial services provider such as AXA Insurance;
- Personal details of job applicants;
- Experiences (work or related) of applicants relevant to the position applied for.

Marking: Allow [2] for identification of items within the document as appropriate; [2] for application to stimulus.

([2] + [2])

[4]

(ii) "Job description":

- A document outlining the tasks to be completed in a job;
- Outlines briefly the working conditions, related to the role;
- Case study infers that this information can be obtained from the company, AXA Insurance.

Items which are most likely to appear in a "job description", which will explain the role of the jobholder:

- Name of financial companies such as AXA Insurance;
- Duties in respect of contact with customers by telephone to provide information, to resolve enquiries or promote services;
- Duties in respect of receiving incoming calls or making calls to customers;
- Duties related to dealing with complaints or marketing financial products to customers.

Marking: Allow [2] for identification of items within the document as appropriate; [2] for application to stimulus.

([2] + [2])

[4]

(iii) "Person specification":

- A document outlining the personal characteristics typical of an applicant most suitable for the role;
- May outline the personal and professional experience required for the role;
- May outline the qualifications expected by a typical applicant appointed to the position.

Items which are most likely to appear in a "person specification", which will determine if an applicant has the proper qualifications and experience for the role:

- Qualifications: employers may ask for GCSEs (A–C) grades in Mathematics and English or equivalent qualifications.
- Experience: previous customer care experience can be extremely useful.

Marking: Allow [2] for identification of items within the document as appropriate; [2] for application to stimulus.

([2] + [2])

[4]

- (b) Evaluate the reasons for, and effects of, AXA's decision to locate its new customer service centre in Derry/Londonderry.

Reasons/Impacts:

- The global access created by the advanced technology/internet/telephone communication systems increases awareness of the products/services available from AXA Insurance;
- The greater market access can lead to much more competition for financial services compared to rivals noted in case study, e.g. HBoS;
- Expensive branch networks are not required by AXA Insurance in large towns/cities throughout UK/Europe;
- Advertising costs can be minimised by AXA Insurance;
- Increase sales could lead to economies for AXA Insurance;
- Designated opening hours are flexible, enabling 24/7 access by customers could increase business for AXA Insurance and improve customer perceptions;
- Easier to communicate with customers (e.g. emails);
- Cheaper: AXA received financial assistance from Invest NI to offset costs;
- Staff: suitability qualified people are available;
- Economics: AXA, HBoS, Citygroup and Capita can all take advantage of economies in services;
- Profile: AXA increases its customer profile with locations in Derry/Londonderry, Bangor and Lisburn.

Disadvantages:

- Increased staff numbers likely to lead to levels of congestion in local area, e.g. schools, traffic;
- Participation in the global marketplace leads to increased competition, thus it may be difficult to compete effectively with rivals, e.g. HBoS;
- Designing, updating and maintaining the website/telephone networks/call centre is expensive and requires specialist staff;
- Market research must be extensive, in order to meet customer requirements;
- Certain groups of customers will be excluded from benefiting from financial services provision using Internet – e.g. those members who don't have access to technology, customers who find the technology complicated/intimidating;
- Increased security risks from using Internet enabled technologies (e.g. fraud, hacking) – many financial services providers have suffered from poor customer perceptions in this matter in recent security scares;
- Job opportunities reduced elsewhere, e.g. India.

Level 1 ([1]–[8])

Candidate is expected to examine (any) one/two reasons to locate the centre in Derry/Londonderry by AXA Insurance but explanation is weak. An unbalanced argument is accepted. Little reference is made to AXA Insurance.

Level 2 ([9]–[12])

Candidate is expected to examine (any) three reasons to locate the centre in Derry/Londonderry by AXA Insurance, with good explanations where appropriate. Some balanced arguments presented and reference is made to AXA Insurance with some evaluation.

Level 3 ([13]–[16])

Candidate is expected to examine (any) four reasons to locate the centre in Derry/Londonderry by AXA Insurance, supported by excellent explanations. Detailed reference is made to AXA Insurance and balanced arguments presented. Evaluation is of a high standard.

[16]

60

Total

100

AVAILABLE
MARKS

