

Pearson
BTEC Level 3 National
Extended Certificate in
Business



**Year 12 into Year 13 Summer Independent Learning
(SIL)**

Unit 3 – Personal & Business Finance

Instructions – Q&A

Question	Answer
How do I complete this SIL?	<p>This Summer Independent Learning (SIL) booklet can be printed off and filled in by hand or the answers to each task can be written by hand on A4 paper.</p> <p>If you run out of space for your answers in the booklet, continue them on a separate piece of paper – remember to note which Part and which Task you’re answering!</p>
What resources do I need?	You will require internet access for research purposes, a printer if you want to print out the SIL or a pen and A4 paper.
What is covered in this SIL?	<p>The SIL is broken down into 3 parts;</p> <p>Parts 1 and 2 are compulsory and focus on building your knowledge. Complete all tasks.</p> <p>Part 2 builds on the knowledge from Part 1 and focuses on developing your higher thinking skills. It is strongly advised ALL learners complete Part 2.</p> <p>Part 3 is also compulsory and focuses on metacognition and the study principles at NCD.</p>
When is the deadline?	Your completed SIL must be ready for submission in your first Business lesson in September
How will I be assessed?	The content of this SIL will form part of your initial assessment when you return in Y13.

Introduction

The first unit you will study in Year 13 is **Unit 3 – Personal & Business Finance**. The aim of this Summer Independent Learning is to introduce you to a number key topics you will be covering in the Personal Finance element of the unit.

PART 1 – Financial Institutions – MUST BE COMPLETED

Financial institutions are organisations that offer financial services to individuals and/or businesses. These services include the ability to deposit or withdraw money, obtain credit (borrow money) and make investments, as well as offering advice on matters of personal and business finance.

There are a number of financial institutions in the UK – can you name any before you start your SIL?

Task A

Research each of the 9 types of financial institutions set out on the following pages, provide an explanation of each in your own words and name at least one example of each (NB there is only one Bank of England and only one National Savings & Investments);

► **Bank of England:**



► **Banks**



► **Building societies**



► **Credit unions**



► **National Savings and Investments**



► **Insurance companies**



► Pension companies



► Pawnbrokers



► Payday Loan Companies



Task B

All of the previous financial institutions you have researched have their own advantages and disadvantages. Complete the table below using further internet research to help you;

Financial Institution	Advantages	Disadvantages
Bank of England		
Banks		
Building Societies		
Credit Unions		
National Savings & Investments		
Insurance Companies		
Pension Companies		
Pawnbrokers		
Payday Loans		

Task C

It can be difficult for people to decide which financial institutions to use and so there are a number of organisations that exist to provide **information, guidance and advice**.

Research each of the 6 organisations set out below, provide an explanation of each in your own words and provide examples where possible;

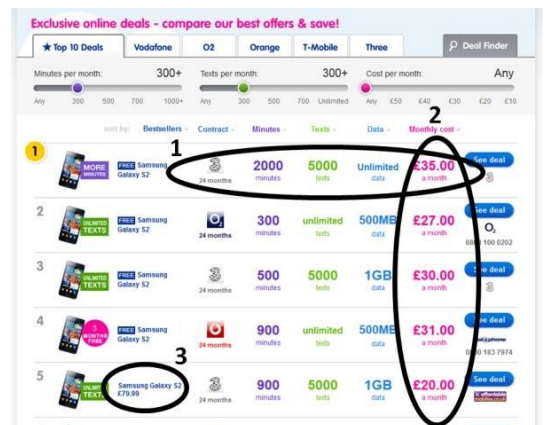
► **Citizens Advice**



► **Independent Financial Advisor (IFA)**



► **Price comparison websites**



► **Money Advice Service**



Scan the QR code or find 'Beginner's guide to managing your money – The Money Advice Service' on YouTube.



<https://www.youtube.com/watch?v=XcRfjahDRSA&list=PLzJI8W1q5m7qp-YP9OoYAzO5n3mfdiFDF>

Watch the video and make a note of the three pieces of advice it gives when managing your personal finances;

- 1.
- 2.
- 3.

► **Debt counsellors**



► **Individual Voluntary Arrangements (IVAs) bankruptcy**



PART 2 – Communicating with customers – MUST BE COMPLETED

Traditionally, banking was carried out face to face where there was a personal relationship between the bank manager and clerk and the customer. The bank manager was seen as a figure of authority in the community. Over time, this relationship has become less common and, as banking organisations have grown, the service has become less personal.

Changes in technology have also changed the way in which the banking industry operates.

Task A

- a. Make notes about how changes in technology have affected the way banks operate.

b. Do you think these changes have had a positive or negative effect on the banking industry?
Give reasons for your answer.

c. How do you think key stakeholders such as customers (of different ages), employees and shareholders feel about these changes?

Task B

Banks use a number of methods of **interacting with customers** including;

► In branch



Physical places where the customer will visit to carry out transactions which can be face to face, for example over the counter transactions, or using computerised facilities such as automatic teller machines (ATMs)

In branch, banks can offer additional facilities and services such as individual advice.

► Online banking

The use of the internet to carry out banking transactions.



► **Telephone banking**



When transactions are carried out over the telephone.

► **Mobile banking**

The use of mobile devices such as mobile phones and tablets to conduct financial transactions.



► **Postal banking**



The use of the postal service to carry out paper-based financial transactions

Complete the table on the next page identifying the pros and cons of the different ways of interacting with customers considering both the bank's and the customers' points of view;

Method	Pros	Cons
<p>In Branch</p> 		
<p>Online banking</p> 		
<p>Telephone banking</p> 		
<p>Mobile banking</p> 		
<p>Postal banking</p> 		

Task C

One of the cons you should have identified for both online and mobile banking is the reliance on technology.

Scan this QR code or use the web link <https://www.bbc.co.uk/news/uk-57131476> and read the article before completing the task on the next page.



Analyse how issues with technology negatively affect banks such as Santander.

PART 3 – Developing Higher Grade Skills – STRONGLY ADVISED TO COMPLETE

By this stage of the SIL you should have a sound understanding of the different types of financial institutions that can be found in the UK, the sources of financial information and advice available to people and how banks interact with their customers.

This next section will allow you to build on your knowledge and demonstrate your higher thinking skills.

Task A - Case Study

Gabriella has just finished sixth form and is looking forward to starting at Sheffield Hallam University in October.

During the summer, she starts to look at which **student bank accounts** are available.

She is surprised to see that they vary so much between different high street banks.

To help her decide which account is best, she summarises her findings in a table;



Gabriella's Findings

Account name	Interest paid on credit (positive balances)	Interest free overdraft and additional overdraft	Charges for unauthorised overdraft	Conditions	Other
Student first	3% on balances between £500 and £3000	Up to £500 in first year increasing to up to £1500 in subsequent years (terms and conditions apply) No additional overdraft	£25 administration £5 daily charge	None	£100 Waterstones voucher Ability to apply for a student credit card
Varsity account	None	Up to £1000 in first 3 years Up to £3000 if studying for a fourth and fifth year	£10 a month penalty plus 8% on outstanding balance	Must pay £250 a month into account	Four year student rail card plus 10% discount on national coach travel
Student sense	1% up to £200 1.5% up to £1000 2% up to £3000	Up to £1500 per year	£35 administration £5 daily charge	Must register for online banking	Three year student rail card Debit card 10% discount on student insurance with same provider
Student ABC	0.5% no upper limit	Up to £1000 in year 1 and £3000 in year 2 and beyond		Must register for online banking Must pay £100 per month into account	£60 cash deposit

Check you understand the following terms before moving on to the tasks;

Interest paid on credit balances – when you have money in your account the bank will pay you a small amount of extra money called ‘interest’

Overdraft – when you arrange with the bank to borrow more money than you have in your account

Unauthorised overdraft – when you spend more money than you have in your account without agreeing it with the bank first

Conditions – rules you will have to agree to in order to open and keep the account

1. Outline why you think Gabrielle should open a student bank account.
2. Which student account do you think is best for Gabrielle? Justify your answer.
3. What would be your priorities when choosing a student bank account and why?
4. What do you think are the benefits to the banks of offering student bank accounts?

Task B – Exam-Style Question





Antony has recently inherited some money from his grandfather but is not sure what to do with it. He has tried researching online but is overwhelmed by the amount of information available.


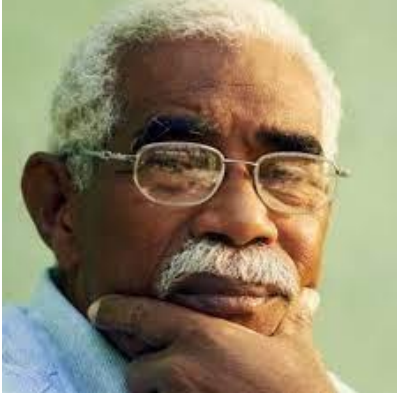
Discuss the different sources of financial information and guidance that Antony could use (refer back to Part 1 Task C of this SIL to remind you of the options!)

Task C - Application

As you saw in Part 2 Task B, there are a number of different ways banks can interact with their customers but not all customers prefer the same methods.

Read the overview of the customers below and **assess** which methods of interaction (in branch, online, telephone, mobile or postal) they would prefer and why. Justify your answers. You can suggest they would prefer more than one method.

Customer Overview	Recommended Methods of Interaction with the Bank with Reasons
 <p>Matt is 18 and about to start his final year at New College Doncaster. His new timetable shows he will be at College 4 days a week, he works part time at a local pub most evenings and plays football at the weekend.</p>	
 <p>Coral is 85 and lives alone since her husband, Bert, died. She looks forward to her weekly trips into town where she has the opportunity to chat to the people who serve her in her favourite shops.</p>	

Customer Overview	Recommended Methods of Interaction with the Bank with Reasons
 <p>Parminder is 58. She has internet access at home but is concerned about online fraud and hacking and she's not convinced an online account would be secure. She prefers to speak to someone rather than rely on the internet.</p>	
 <p>David is 42 and works 9am – 5pm Monday to Friday and Saturdays 9am – 1pm for an IT company.</p>	
 <p>Arthur is 70 and suffers with severe arthritis. He relies on his carers to come every day to help him with day to day tasks. He has not left his house for over a year due to Covid.</p>	

Well done on completing your Business SIL!



Through your work you have demonstrated a number of different skills. Identify where/when you have demonstrated the following skills through completing this SIL;

Organisation;



Problem Solving;



Initiative



Communication



DON'T FORGET TO BRING YOUR COMPLETED SIL TO YOUR FIRST BUSINESS LESSON!



PART 3 – Metacognition and the Study Principles at NCD – MUST BE COMPLETED