

# Chartered Banker

## CHARTERED BANKER PROFESSIONAL BANKERS DIPLOMA

### 2015 MODULE SPECIFICATION

<b>Title:</b>	<b>Credit Unions Principles and Practice</b>
<b>Credit Value:</b>	SCQF Level 6 / EQF Level 4 (provisional) SCQF Credit Points 10 (provisional)
<b>Aim:</b>	To provide an overview of the role played by credit unions in UK society. The module considers the development and purpose of credit unions, their organisation and operating principles; business, financial and ethical objectives; regulatory framework; risk management; governance and oversight.
<b>Access Statement:</b>	There are no entry requirements for the module
<b>Programme of study to which unit contributes</b>	<ul style="list-style-type: none"><li>• Can be studied on a standalone basis as the Certificate in Credit Unions Principles and Practice or;</li><li>• Can form one of the three modules required to complete the Professional Banker Diploma</li></ul>
<b>Learning Outcomes:</b>	<b>Knowledge, Understanding and Skills</b> On successful completion of this module, students will be able to:  <ol style="list-style-type: none"><li>1. Understand the development and operation of the Credit Union movement in the UK and internationally.</li><li>2. Understand how key regulatory and legal requirements impact on Credit Union operations.</li><li>3. Understand the strategic objectives of Credit Unions and how these are supported by the products and services provided.</li><li>4. Explain the roles of the finance functions of a Credit Union.</li><li>5. Understand the role of corporate governance in a Credit Union.</li><li>6. Understand how Risk Management influences Credit Union operations.</li><li>7. Understand how to identify and resolve ethical dilemmas and conflicts of interest.</li></ol>
<b>Method of Learning:</b>	Distance Learning.
<b>Assessment:</b>	Two hour online examination, consisting of 100 multiple choice questions.

## Learning Outcomes, Assessment Criteria and Content

Learning Outcomes	Assessment Criteria	Indicative Content
<b>Introduction to credit unions</b>		
<p>1. Understand the development and operation of the Credit Union movement in the UK and internationally.</p>	<p>1.1 Differentiate Credit Unions from other financial services institutions.</p> <p>1.2 Describe the role played by the Credit Union movement worldwide.</p> <p>1.3 Explain how Credit Union operations are governed.</p> <p>1.4 Describe recent developments that impact on the operation of Credit Unions.</p>	<p>The history and development of Credit Unions.</p> <p>International perspectives and the World Council of Credit Unions.</p> <p>The purposes of Credit Unions and the principle of mutuality and common bonds.</p> <p>The corporate form and organisation of Credit Unions.</p> <p>Operating principles.</p> <p>Recent developments.</p>

Learning Outcomes	Assessment Criteria	Indicative Content
<b>Regulatory framework</b>		
<p>2. Understand how key regulatory and legal requirements impact on Credit Union operations.</p>	<p>2.1 Explain the purpose and functions of the UK financial services regulatory framework.</p> <p>2.2 Identify the key financial services regulatory requirements in terms of their influence on Credit Union operations.</p> <p>2.3 Explain the expectations of the financial services regulator for Senior Managers.</p> <p>2.4 Explain legislation and regulation specific to Credit Unions.</p> <p>2.5 Identify the key requirements of other relevant legislation.</p>	<p>The UK regulatory framework; the Bank of England, the Financial Policy Committee, the Financial Conduct Authority and the Prudential Regulation Authority.</p> <p>The high level principles. General and tailored sourcebooks. The FCA’s risk-based approach to supervision and regulation.</p> <p>Specific regulatory responsibilities, including SYSC, senior management regime, certification regime and Individual conduct rules.</p> <p>Liaison with regulatory bodies. Compliance and consequences of non-compliance.</p> <p>Treating customers fairly and managing conduct risk.</p> <p>Credit union legislation.</p> <p>The Financial Ombudsman Service and the Financial Services Compensation Scheme. Single customer view.</p> <p>Other relevant legislation; data protection, money laundering, bribery and other financial crimes.</p>

Learning Outcomes	Assessment Criteria	Indicative Content
<b>Business strategy</b>		
<p>3. Understand the strategic objectives of Credit Unions and how these are supported by the products and services provided.</p>	<p>3.1 Explain the importance of developing appropriate business objectives for Credit Union.</p> <p>3.2 Explain the key features of product mix typically offered by Credit Unions.</p> <p>3.3. Outline appropriate approaches to measuring the success of Credit Union business objectives.</p> <p>3.4 Explain reporting requirements for business and regulatory purposes.</p>	<p>Credit Union business objectives.</p> <p>Savings products. Lending products. Other products.</p> <p>Business modelling and structuring the business for growth and development.</p> <p>Cooperation and liaison with regulatory bodies.</p>

**Financial analysis**

4. Explain the roles of the finance functions of a Credit Union.

4.1 Describe the purpose of financial statements.

4.2 Describe how to measure and monitor the financial performance of a Credit Union.

The finance functions within a credit union.

Financial statements and their purposes.

Capital; its meaning and purposes. Asset and liability management. Income and expenditure, profitability and cost management.

Measuring and monitoring performance; capital and other safety ratios, profitability and efficiency ratios.

Financial analysis using models, sensitivity and stress testing.

Learning Outcomes	Assessment Criteria	Indicative Content
<b>Risk management, including interest rate risk</b>		
<p>5. Understand how Risk Management influences Credit Union operations.</p>	<p>5.1 Explain the nature of risk.</p> <p>5.2 Explain the concept of risk management in terms of how risks can be identified, mitigated and monitored.</p> <p>5.3 Describe internal controls systems for risk management.</p> <p>5.4 Apply Risk Management principles in a Credit Union environment.</p>	<p>The nature of risk and its relevance to credit unions.</p> <p>The relationship between risk and reward, and the concepts of risk appetite and risk aversion.</p> <p>Risk analysis and types of business risks, including financial and non-financial risks.</p> <p>Management of risk at strategic, tactical and operational levels. Business risk, continuity and disaster planning. Risk reporting.</p> <p>The risk control cycle. Risk management and responses; acceptance, avoidance, reduction and transfer.</p> <p>Internal control systems, purposes of internal control, pre-requisites for a sound control system and why control systems have to change over time. Responsibilities for control, the Audit Committee and internal audit.</p>

Learning Outcomes	Assessment Criteria	Indicative Content
<b>Governance and oversight</b>		
<p>6. Understand the role of corporate governance in a Credit Union.</p>	<p>6.1 Explain the role of Corporate Governance.</p> <p>6.2 Identify best practice in Corporate Governance.</p>	<p>The nature and purposes of corporate governance.</p> <p>The UK Corporate Governance Code and best practices in corporate governance.</p> <p>Responsibilities of the organisation to stakeholders.</p> <p>Alternative management and executive structures.</p> <p>Role and responsibilities of the board of directors, management committee and supervisory committee. The role and functions of committees.</p> <p>The role of the Chairman, CEO and other senior officers/managers. Executive and management competence requirements, including financial and operational skills.</p>

Learning Outcomes	Assessment Criteria	Indicative Content
<b>Ethical dilemmas and conflicts of interest</b>		
7. Understand how to identify and resolve ethical dilemmas and conflicts of interest.	<p>7.1 Explain the critical importance of high standards of ethical conduct for the Credit Union movement.</p> <p>7.2 Explain the interplay of regulation, professional standards and individual responsibility.</p> <p>7.3 Identify ethical dilemmas.</p> <p>7.4 Apply ethical decision-making in the context of a Credit Union.</p>	<p>The nature and significance of ethics to credit unions.</p> <p>Ethics based on virtues, duties and consequences. Working in the public interest, organisational reputation and trust.</p> <p>Professional standards. Promoting and maintaining ethical standards.</p>