



National Certificate: Banking Services Advice -48533
NQF LEVEL 05
CREDITS: 120



Module 01	Banking and financial services environment
LEARNER GUIDE Core	

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1. Introduction

The primary purpose of The National Certificate in Banking Services Advice is to provide learners with the fundamental understanding, sound knowledge and relevant skills to comply with the requirements of the regulations under the FAIS Act to enable them to offer financial advice to clients in the banking sector. The successful learner will be able to be accredited as a fit and proper person to render financial advice in the banking sector in terms of the Regulations under the FAIS Act.

This qualification also aims to provide qualifying learners with the basic competencies and skills necessary to apply the basic principles of banking to the operations of any sector of the financial services sector to the benefit of the domestic economy.

This Qualification is for learners who:

Have worked in one of the sub-sectors of the Financial Services industry for many years, but have no formal Qualifications in their area of specialization.

Wish to extend their range of skills and knowledge of the industry so that they can become knowledgeable workers in the industry.

Are in a learnership agreement with the BANKSETA

Have recently taken up a position in banking

Require a Level 5 Qualification for licensing purposes with the Financial Services Board (FSB)

The qualification will empower learners to acquire knowledge, skills, attitudes and values required to operate responsibly in the banking sector.

Rationale:

The Financial Advisory and Intermediary Services (FAIS) Act, (Act 37 of 2002) was instituted to regulate the standard of financial planning services within the financial services sector. This Act requires all financial advisers to become licensed practitioners in the field. The Act prescribes that everyone providing services within the auspices of financial advisory and intermediary services needs to comply with the necessary regulations and, therefore, needs to be qualified at the required levels in order to offer such services.

Financial advice and services are provided by both the insurance industry and the banking sector. Some employees in banks offer insurance product-related advice to clients as their core functions. In addition to these, as part of banking services to clients, banking personnel such as tellers, advisers and consultants are required to offer and consult on financial services and, therefore have to comply with FAIS regulations. It is estimated that 40% of people within the banking sector will have to comply with the fit and proper regulations of FAIS. This National Certificate has thus been established to address this need.

The National Certificate in Banking Services Advice aims to give all learners a fundamental understanding of FAIS requirements and other relevant legislation as well as foundational knowledge and skills required for financial planning and for providing financial services of all kinds. The Qualification also introduces the learner to basic accounting and provides him/her with banking concepts, techniques and principles.

Learners obtaining this qualification will have a firm foundation of knowledge of the banking sector and will have the necessary skills to secure a career in banking and embark on a path of lifelong learning at higher levels in banking or other fields in the financial services sector.

This National Certificate was designed to accommodate the skills needs of banking employees and address compliance with the FAIS Act within the banking services sector. Therefore, this qualification is broad based in that it accommodates any type of learner wishing to be employed in the banking sector, particularly the frontline banking staff within retail banking who have to provide a `one-stop` service (banking and/or financial planning) to their clients.

The banking industry because of the fact that it works with other people`s money is a specialized one that demands a labour pool of honest, ethical employees. This National Certificate aims to develop learners with those attitudes and values. The qualification will also give learners the opportunity to practice the skills they have learnt and apply the knowledge they have gained to their respective workplace (real or simulated) environments.

The intention is:

To promote the development of knowledge and skills that are required in Banking and specifically for giving financial advice.

- ✓ To release the potential of people.

- ✓ To provide opportunities for people to move up the value chain.
- ✓ To provide opportunities for lifelong learning for people who work in banking as the skills, knowledge, values and attitudes reflected in the Qualification are building blocks that can be developed further at NQF Level 6.

The Learner Pack for this module contains the following documents/prescribed

- books: Learner Orientation Guide
- Learner Guide
- Prescribed Material
- Portfolio of Evidence
- WIL Logbook

2. Module Introduction

The module introduction with the facilitator will cover:

- ✓ An understanding and knowledge of the relevant legislative environment is explained and applied in practical situations
- ✓ A fundamental understanding of the theory and practice of the South African banking and financial services system is applied in practice
- ✓ The financial products available to a client are explained with examples
 - Overview of the module, including tasks and activities - expectations • Timetable
 - The Learner Guide
 - The Learner Portfolio of Evidence
 - Assessment: The importance of completing all tasks in the PoE; the neat and orderly submission of evidence in the PoE; all forms completed and signed
 - WIL Component
 - The Summative Assessment

3. Purpose of the Module

4. Duration

Module 01-Banking and financial services environment: 5 contact hours to be completed in the **2nd** semester.

Proposed Roll Out Strategy	
Credits	5
Total Notional Hours	50
Theory (60%): Hours	20
Practical (30%): Hours	35
Group work / Collaboration (10%)	45
Total Contact Sessions (40%): Total Hours	30
Work Integrated Learning (10%): Hours	45
Portfolio of Evidence (65%): Hours	20
Study /Research (25%): Hours	37
Total practical Sessions (60%): Total Hours	20
Assessments (5%): Total Hours	47

5. Syllabus

Overarching Outcomes	Objectives	Content/ Subject Matter	Th	Practical		Learning Activity	Materials & Page No.
				PoE	WIL		
<p>Overarching Outcome No: ACs:</p> <p>An understanding and knowledge of the relevant legislative environment is explained and applied in practical situations</p> <p>A fundamental understanding of the theory and practice of the South African banking and financial services system is applied in practice</p> <p>The financial products available to a client are explained with examples</p>	The Banking Sector is governed by The Banks Act	Acts & Regulations	√	√		PoE Activity <ul style="list-style-type: none"> 	Notes
	The Role of the Banking Association South Africa	Investigate the types of accounts offered at three different banking institutions and indicate the purpose of each type of account	√		√	Class Activity	Notes
	Financial products	After considering several options, make a decision as to which banking institution and type of account is best for you own use	√	√		PoE Activity 2: <ul style="list-style-type: none"> Market research tool 	Notes

SECTION B: ASSESSMENT

1. Assessment Strategy

The assessment activities will cover the outcomes required in order to achieve competence. The purpose of the assessment process is to gather enough evidence to prove all outcomes were achieved.

Competency will be assessed through formative and summative assessment activities which will require a fair amount of preparation, study and research. Assessment evidence should be sufficient to prove that the Learner is competent in all exit level outcomes.

A summative assessment will be conducted at the end of the module to confirm assessment judgments. Principles of fairness, validity, practicability, reliability and consistency must be adhered to throughout.

Module	Semester	Formative Assessment		Summative Assessment	
		PoE	Test	Theor v	FSA Practical
Module 01-Banking and financial services environment	2 ND	✓	✓	✓	✓

1.1 Formative Assessment

1.1.1 Portfolios Of Evidence

A learner must complete all assessment activities in the PoE, and be declared COMPETENT ["C"] in all PoE activities. Should a learner be found NOT YET COMPETENT ["NYC"], he/she is entitled to ONE extra opportunity to resubmit the work without penalty/payment.

Refer to the Assessment Policy for details of penalties/payments.

1.1.2 Tests

All learners need to complete one test per semester module (as per formal test week) as part of the formative process. Refer to the Assessment Framework (1.4) for the scope.

DURATION:	45 minutes
TOTAL MARKS:	50 marks
PASS MARK:	50 %

Learners do not need to pass the test as the mark obtained will not affect the final results for each learner. It does, however, form an important part of the formative process in order to prepare the learner for the Summative Assessment.

1.2 Summative Assessment

The summative assessment will assess learners on all the modules to determine whether all the assessment criteria for all outcomes have been met. At the end of each module, there is a Summative Assessment (Exam), which the learner must pass.

DURATION:	1 ½ hours
TOTAL MARKS:	100 marks
PASS MARK:	50 %
SUPPLEMENTARY:	0 – 49 %

1.3 Final Summative Assessment

Learners will be required to complete an Integrated Final Summative Assessment for this programme in the form of a practical exam and an exhibition, marked against a rubric.

DURATION:	Part A - 3 hours Part B - 3 hours
TOTAL MARKS:	Practical Exam -80 marks Exhibition - 20 marks
PASS MARK:	50 % to be declared Competent "C"
SUPPLEMENTAR Y:	0 – 49 % qualifies for a supp
	Exhibition mark obtained + Supp Practical Exam
	50 % to be declared Competent "C"

1.4 Assessment Framework

Module Name	Semester	Work to be Covered for Test/s	Work to be Covered for Exam
Module 01- Banking and financial services environment	2 ND	All formative assessment covered for this module	All topics summative assessment for this module

1.5 Work Integrated Learning

This programme includes a compulsory Workplace Learning component. Workplace Learning provides important opportunities for professional and personal growth. It addresses specific competencies identified for the acquisition of the qualification, which relates to the development of skills that will make the learner employable and will assist in developing his/her personal skills. Refer to the WIL Policy for more details.

Learners must be assisted in finding placements, and attend an orientation session on WIL which must be completed before carrying out this component. Upon return from the WIL experience, learners must submit their WIL Logbooks in which they have been found competent.

1.6 Calculation of Final Results

The final results will be calculated as follows:

COMPONENT	WEIGHTING	EXPLANATION	EXAMPLE	
			Achievement	Results:
FA (POE)	45%	Student automatically get 45 here when they are declared "C" Competent	C	45
FA (Test)	5%	Learner must achieve 50% and above to pass the test. The mark is this low to ensure that a fail cannot cause a learners failure of the programme.	80%	4
SA (Exam)	50%	Learners must achieve 50% and above to pass the exam. The exam has a 50% weighting.	60%	30
SA (FSA)	Compulsory	Learners must be declared Competent "C" in the FSA.	C	C
WIL	Compulsory	Learners must be declared Competent "C" in the WIL Logbook / Practical's. Failure to do so will result in the non-certification of the learner!	C	C
TOTAL	100%	70% overall Pass (Required by	C	79%

2. The Portfolio of Evidence

A Portfolio is a collection of different types of evidence relating to the work being assessed. It is important that the evidence in the PoE meets the requirements of sufficiency and currency. The learner is responsible for the collection of evidence and the compilation of the portfolio. Once a PoE has been compiled, it needs to be assessed and moderated. (Please refer to the LOG for more information regarding the PoE)

It is the Learner's responsibility to make copies of the evidence inserted in the PoE which is kept safely as a back-up. When learners hand in their PoEs for the final assessment, please remember to have the 'Acknowledgement of Receipt' form signed; learners to receive a copy of this receipt. PoEs have to be stored safely at the campus for a period of 5 years.

It is required of the facilitator/assessor to provide formal written feedback on all assessed PoE activities, and the learner is expected to take note of these comments, and provide written feedback of their own.

Meeting deadlines is an important work ethic – so cultivate this skill while you are learning, and ensure that you hand in your assessments on time!

Remember that this is the 'showcase' of your knowledge and skills, and will be verified externally, so it should contain your best efforts!

3. Assessment Preparation Preparing the Learner for Assessment

How to prepare the Learner	Document Requirement	[√]	Action Required
Explain to the Learner why you are meeting and the purpose of the assessment.	NQF Framework Assessment process		Explanation
Ensure the Assessment plan in the PoE has been completed in detail.	Assessment strategy		Discussion
Explain the assessment process, discuss assessment instruments, and assessment conditions.	Assessment instruments		Explanation
Discuss the role-players during assessment.	Learners, Assessors, Moderator		Discussion
Describe the evidence required to be declared competent.	Examples of evidence		Facilitator to show examples of Evidence (good and bad examples)
Explain how evidence will be judged.	VACS criteria		Discuss principles of assessment
Explain to the Learner how to prepare evidence against outcomes and assessment criteria	SAQA qualification		Ensure understanding of outcomes and criteria
Confirm with the Learner what he/she should bring to the assessment (any Requirements)	PoE Activities		Discussion
Ensure that Learners understand the procedures of all assessment practices.	Appeals procedure Moderation Deferments Assessment		Signed Declaration of Understanding in PoE by learner
Ask the Learner if he/she foresees any problems or identify any special needs.	List of special needs in PoE (2.1)		Identify any special needs
Check with Learner that he/she clearly understands the assessment procedure	Declaration of Understanding in PoE		Questions from learners are answered

4. Levels of Learning Activities

In doing learning activities with a view to obtaining the qualification, you are likely to come across the following words which ask you to do certain tasks in a certain way. The table below provides some explanation of what is expected of you when specific words are used in assessments:

Level	Description	Explanation
Low Order (Learners report on what they know or believe)	Recall	To remember or recollect
	Recount	To give an account of something: to describe something in your own words
	Describe	To explain or tell what you read or experienced
	True/False questions	To state "true" or "false" to specific questions
Middle Order (i.e. learners reorganise what they know)	Express an opinion	To give your own view or judgement about something, giving reasons as to why you hold that particular view
	Interpret	Explain the meaning of something
	Summarise	To state something in a concise manner; to sum up what the main ideas or content is of a particular topic
	Compare	To draw a comparison between two or more things by highlighting the differences and similarities between the different ideas/ approaches/ beliefs, etc.
	Translate	To restate something in a different, often simpler, language
	Exemplify	To provide an example of your opinion/ statement
	Categorise	To place something in a category (usually there are a set number of
	Classify	As per 'categorise' above
	Apply	To give a practical example or illustration of a theoretical concept
	Extrapolate	To infer more widely from a limited range of known facts
High Order (i.e. learners develop new knowledge)	Specifying relationships	To name or mention expressly a connection or association of one
	Formulating hypotheses	To make a statement as a starting point for further investigation from known facts; to make a proposition as a basis for reasoning, without
	Devising ways of listing	To come up with quantitative or qualitative methods for assessing the validity or otherwise of a specific idea/concept/belief

5. How to Conduct Research

You may be asked to 'conduct research' as part of a structured learning activity. What this means is that you need to find other sources of information about the topic and you will need to provide additional information in a coherent and summarised manner.

Below are some tips and techniques on how to conduct research:

- a) Get focused. You will be more effective in doing research if you know exactly what you want and why you want it. So, before you start, write a short sentence describing exactly what you want to find out and why.
- b) List all possible sources for finding out information. Be creative! Resources can usually be placed into three categories:
 - Hard copy (anything you can pick up, such as newspapers, books, technical manuals, etc.)
 - People (interviewing experts in certain fields)
 - Auditory and visual media (internet, radio, TV, etc.)Be specific. Don't just put down 'internet' as a source; instead, list the specific websites which may be helpful. For people resources, put down the names of the specific people who could be useful sources of information. Once you have identified different sources of information, highlight three to five sources that you believe will be the most useful to you. Now focus on those!
- c) Hunt with a purpose. Once you have decided on your most likely sources of information, gather information from those sources. Don't get sidetracked into irrelevant (but often very interesting) details. Refer back to your short sentence [a] to make sure that you stay focused.
When obtaining information from hard copy, it is often useful to go straight to the index to find what you want. When obtaining information from people, compile a list of the questions you want to ask them. Be very clear and concise in your questioning, and don't take too much time.
- d) Stop when you have enough information. Easier said than done! Most people fall into one of two traps:
 - Obtaining too little information, usually from a single source
 - Obtaining too much information and subsequently getting bogged down in a mass of dataYou have enough information when you can answer your short sentence formulated in [a], referring to more than one source.
- e) Organise your information carefully. Don't be afraid to discard what you don't need. It is unlikely that you will need all the information that you have gathered.
- f) Credit your sources. Copying something without referring to the source is called plagiarism (academic cheating!) However, if you acknowledge your source then you can copy as much as you like (but remember to quote copied sections by using inverted commas), and state who you are quoting. It is good practice to provide the name of the author, the paper/book/source in which you found the information and the year of publishing available.

6. Plagiarism

The following is regarded as plagiarism; thus making you guilty of not submitting authentic work:

- a) No copies are allowed to be made of the prescribed text books – be it in part or the complete book.
- b) Submitting another's published or unpublished work, in whole, in part, or in paraphrase, as one's own without fully and properly crediting the author with footnotes, citations or bibliographical reference.
- c) Word-for-word copying of sentences or whole paragraphs from one or more sources (the work or data of another person) or presenting of substantial extracts from books, articles, theses, other unpublished work such as working papers, seminar and conference papers, internal reports, lecture notes or tapes, without clearly indicating their origin.
- d) Submitting as one's own, original work, material obtained from an individual or agency without reference to the person or agency as the source of the material.
- e) Submitting as one's own, original work, material that has been produced through unacknowledged collaboration with others without release in writing from the collaborators.
- f) Copying computer files, algorithms or computer codes without clearly indicating their origin.
- g) Submitting work that has been derived, in whole or in part, from another learner's work by a process of mechanical transformation (e.g. changing variable names in computer programs).

SECTION C: ADMINISTRATIVE RESPONSIBILITIES AND LEARNER SUPPORT

1. Learner Registration Form & ID

Please refer to the end of the LOG (Learner Orientation Guide) for the Learner Registration Form. Ensure that you have completed it correctly, and that it has been submitted to your facilitator together with a certified copy of your ID/Passport.

2. Attendance Registers

You are required to sign the Attendance Register every day of attendance. Please make sure you sign every contact session attended.

3. Completion of Evaluations

During the semester, you will be expected to complete a number of evaluations. Please do so diligently, and provide constructive comments for improvement.

4. Learner Support

- You are responsible for your own learning – make sure you manage your study, practical, workplace and portfolio time responsibly
- Learning activities are learner driven – use the Learner Guide and the Portfolio Guide in the manner intended, and that you are familiar with the Portfolio requirements
- The facilitator is there to reasonably assist you during the contact session, practical and workplace time of this programme – make sure that you have his/her contact details
- Internet access: To assist in research projects or other assignments where the learner needs to gather information
- Assessment criteria: The learner should know at all times what the requirements and assessment criteria are
- Learners-at-risk to fail are identified during the semester, and support provided to such learners

SECTION D: LEARNING MAP

1. Learning Map

Each module comes with a learning map, which provides information on the content, duration, outcomes to be achieved and suggested activities to be completed.

The hours indicated are the maximum. If the material is covered in less time, the remaining time can be spent on revision prior to assessments or on practical assignment work. It is **essential** that learners gain **practical experience** during this module.

This module consists of **5** hours divided into units as indicated below. Please allow learners to complete activities in their PoE.

Topic	Reference	Hours
The Banking Sector is governed by The Banks Act	Notes	20
The Role of the Banking Association South Africa	Notes	20
Financial products	Notes	10
	All chapters for revision	
Total Hours		50

<p>Topic:01- The Banking Sector is governed by The Banks Act</p> <p>Time allocation:</p>	<p>20Hours</p>
<p>Learning outcomes:</p> <p><i>By the end of this section the student should be able to:</i></p> <p>An understanding and knowledge of the relevant legislative environment is explained and applied in practical situations</p>	
<p>Activities:</p> <p>The facilitator should discuss the following content comprehensively:</p> <p>Acts & Regulations</p> <p>Learners are required to do the following:</p> <ul style="list-style-type: none"> • Class activity <p>AC1-An understanding and knowledge of the relevant legislative environment is explained and applied in practical situations</p>	<p>References and Resources</p> <ul style="list-style-type: none"> • notes

Topic: 01- The Banking Sector is governed by The Banks Act

1. Acts & Regulations

The Banking Sector is governed by The Banks Act, 1990, and Regulations thereto.

To provide for the regulation and supervision of the business of public companies taking deposits from the public; and to provide for matters connected therewith.

2. National Credit Act (NCA)

The NCA was introduced to facilitate new and protective rights for consumers for all types of credit agreements, ranging from micro loans to home loans, and from overdrafts to retail financing. It serves as a measure that allows consumers to make more informed decisions before buying goods and services on credit. In addition, it places greater responsibility on credit providers to refuse to give you credit if you cannot afford it and, for the first time in this country, it has regulated the way credit bureaus conduct business. Read more in the July issue of Accountancy South Africa...

3. South African Reserve Bank

The Reserve Bank is responsible for bank regulation and supervision in South Africa. The purpose is to achieve a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole. This function is performed by issuing banking licences to banking institutions, and monitoring their activities in terms of either the Banks Act, 1990 (Act No. 94 of 1990), or the Mutual Banks Act, 1993 (Act No. 124 of 1993).

4. **Basel Capital Accord**

On 26 June 2004, the Basel Committee issued the publication titled International Convergence of Capital Measurement and Capital Standards: A Revised framework commonly referred to as 'Basel II'. It represents the culmination of more than five years' work by the Basel Committee.

Basel II seeks to set significantly more risk-sensitive capital requirements (in respect of operational risk as well) and is aimed at greater international convergence through capital requirements and better disclosure, thus enhancing the role of market discipline; and to ensure improved supervisory processes and procedures.

These measures aim to:

- A. improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source
- B. improve risk management and governance
- C. Strengthen banks' transparency and disclosures.

The reforms target:

- A. Bank-level, or micro-prudential, regulation, which will help raise the resilience of individual banking institutions to periods of stress.
- B. Macro prudential, system wide risks that can build up across the banking sector as well as the procyclical amplification of these risks over time.

5. **Core Principles for effective Banking Supervision**

The Core Principles for Effective Banking Supervision, developed by the Basel Committee on Banking Supervision (the Committee) in cooperation with fellow supervisors, have become de facto the standard for sound prudential regulation and supervision of banks. The Core Principles are mainly intended to help countries assess the quality of their systems and to provide input into their reform agenda.

An assessment of the current situation of a country's compliance with the Principles can be considered a useful tool in a country's implementation of an effective system of banking supervision.

The Core Principles are available from additional information.

South Africa's compliance with the Core Principles were assessed by the IMF/World Bank during December 2010 and their report is available from additional information.

6. **Banking Council**

The Banking Association South Africa has its genesis in the Council of South African Banks (COSAB).

These associations were:

- A. The Association of Mortgage Lenders.
- B. Merchant Bankers Association.
- C. Clearing Bankers Association.
- D. Association of General Banks.

The Role of the Banking Association South Africa

The Banking Association South Africa is an industry body representing all registered banks in South Africa. These include both South African and international banks. The Main Board of the Association comprises the Chief Executives of the five largest South African banks, two Chief Executives representing international banks and two Chief Executives representing the other South African banks. The Banking Association has also established an Operating Board that meets once a month to provide strategic guidance and direction on the myriad of issues addressed by The Banking Association. The Operating Board is structured similarly to the Main Board, but representation is through the heads of retail of the institutions.

The Banking Association South Africa is the mandated representative of the sector and addresses industry issues through:

- A. Lobbying
- B. Policy influence
- C. Guiding transformation in the sector
- D. Acting as a catalyst for constructive and sustainable change in the sector
- E. Research and development
- F. Engagement with critical stakeholders

The broad role of The Banking Association is to "establish and maintain the best possible platform on which banks can do responsible, competitive and profitable banking". A critical role of The Banking Association is to work with its members to enable this role within the context of the transformation challenges our country is addressing.

The Banking Association South Africa manages numerous committees that advise the executive on issues pertinent to the sector. Such committees include:

- A. Access
- B. Basel II
- C. Preferential procurement
- D. Small, medium enterprise finance
- E. Agriculture
- F. Housing

Banks

Locally-controlled banks

- A. African Bank Limited
- B. Bidvest Bank Limited
- C. Capitec Bank Limited
- D. FirstRand Bank - A subsidiary of First Rand Limited
- E. Grindrod Limited
- F. Imperial Bank South Africa
- G. Investec Bank Limited
- H. Nedbank Limited
- I. Sasfin Bank Limited
- J. Teba Bank Limited

K. Standard Bank of South Africa

Economy of South Africa

The **economy of South Africa** is the largest in Africa ahead of Nigeria, it accounts for 24% of its gross domestic product in terms of purchasing power parity, and is ranked as an upper-middle income economy by the World Bank; this makes the country one of only four countries in Africa in this category (the others being Botswana, Gabon and Mauritius).

South Africa has a comparative advantage in the production of agriculture, mining and manufacturing products relating to these sectors.

South Africa has shifted from a primary and secondary economy in the mid-twentieth century to an economy driven primarily by the tertiary sector in the present day which accounts for an estimated 65% of GDP or R230 billion in nominal GDP terms. The country's economy is reasonably diversified with key economic sectors including mining, agriculture and fisheries, vehicle manufacturing and assembly, food processing, clothing and textiles, telecommunication, energy, financial and business services, real estate, tourism, transportation, and wholesale and retail trade.

The unemployment rate is very high, at more than 25%, and the poor have limited access to economic opportunities and basic services. Poverty also remains a major problem. In 2002, according to one estimate, 62% of Black Africans, 29% of Coloureds, 11% of Asians, and 4% of Whites lived in poverty.

The high levels of unemployment and inequality are considered by the government and most South Africans to be the most salient economic problems facing the country.^[16] These issues, and others linked to them such as crime, have in turn hurt investment and growth, consequently having a negative feedback effect on employment. Crime is considered a major or very severe constraint on investment by 30% of enterprises in South Africa, putting crime among the four most frequently mentioned constraints.

South Africa, unlike other emerging markets, has struggled through the late 2000s recession, and the recovery has been largely led by private and public consumption growth, while export volumes and private investment have yet to fully recover. The long-term potential growth rate of South Africa under the current policy environment has been estimated at 3.5%. Per capita GDP growth has proved mediocre, though improving, growing by 1.6% a year from 1994 to 2009, and by 2.2% over the 2000–09 decade, compared to world growth of 3.1% over the same period.

In 1870 diamonds were discovered in Kimberley, while in 1886 some of the world's largest gold deposits were discovered in the Witwatersrand region of Transvaal, quickly transforming the economy

into a resource-dominated one. The British gained control as a result of the Boer War. The country also entered a period of industrialisation during this time, including the organisation of the first South African trade unions.

The country soon started putting laws distinguishing between different races in place. In 1948 the National Party won the national elections, and immediately started implementing an even stricter race-based policy named Apartheid, effectively dividing the economy into a privileged white one, and an impoverished black one. The policy was widely criticised and led to crippling sanctions being placed against the country in the 1980s.

South Africa held its first multi-racial elections in 1994, leaving the newly elected African National Congress (ANC) government the daunting task of trying to restore order to an economy harmed by sanctions, while also integrating the previously disadvantaged segment of the population into it. The 1994 government inherited an economy wracked by long years of internal conflict and external sanctions.

The government refrained from resorting to economic populism. Inflation was brought down, public finances were stabilised, and some foreign capital was attracted. However, growth was still subpar.

At the start of 2000, then President Thabo Mbeki vowed to promote economic growth and foreign investment by relaxing restrictive labour laws, stepping up the pace of privatisation, and cutting unneeded governmental spending. His policies face strong opposition from organised labour.

From 2004 onward economic growth picked up significantly; both employment and capital formation increased.

In 2009 the Nobel Prize winning economist Joseph Stiglitz warned South Africa that inflation targeting should be a secondary concern

Historical statistics

This is a chart of the trend of South Africa's gross domestic product at market prices estimated by the International Monetary Fund:

Year	GDP, bln	US dollar exchange in early January	Unemployment rate	Per capita income,
1980	80.547	0.8267 rand	9.2	2764
1985	57.273	2.0052 Rand	15.5	1736
1990	111.998	2.5419 Rand	16.0	3039
1995	151.117	3.5486 Rand	16.7	3684
2000	132.964	6.1188 Rand	25.6	2986
2005	246.956	5.6497 Rand	26.7	5267
2010	363.655	7.462 Rand	24.9	7274
2015 (f'cast)	510.937	–	22.8	-

Exports of South Africa, 2009

Seasonally adjusted and annualized quarterly value added (Q1 2013)	
Industry	Value added (R billion, 2004 prices)
Agriculture, forestry and fishing	43.382
Mining and quarrying	97.096
Manufacturing	296.586
Electricity, gas and water	33.951
Construction	59.943
Wholesale and retail trade, hotels and restaurants	246.584
Transport, storage and communication	178.591
Finance, real estate and business services	422.850
General government services	271.209
Personal services	107.690
Taxes less subsidies on products	215.668
GDP at market prices	1,973.552

Purchasing power parity

GDP per capita by countries in 2013, calculated using PPP exchange rates

Purchasing power parity (PPP) is a component of some economic theories and is a technique used to determine the relative value of different currencies.

Theories that invoke purchasing power parity assume that in some circumstances (for example, as a long-run tendency) it would cost exactly the same number of, say, US dollars to buy euros and then to use the proceeds to buy a market basket of goods as it would cost to use those dollars directly in purchasing the market basket of goods.

The concept of purchasing power parity allows one to estimate what the exchange rate between two currencies would have to be in order for the exchange to be at par with the purchasing power of the two countries' currencies. Using that PPP rate for hypothetical currency conversions, a given amount of one currency thus has the same purchasing power whether used directly to purchase a market basket of goods or used to convert at the PPP rate to the other currency and then purchase the market basket using that currency. Observed deviations of the exchange rate from purchasing power parity are measured by deviations of the real exchange rate from its PPP value of 1.

PPP exchange rates help to minimize misleading international comparisons that can arise with the use of market exchange rates. For example, suppose that two countries produce the same physical amounts of goods as each other in each of two different years. Since market exchange rates fluctuate substantially, when the GDP of one country measured in its own currency is converted to the other country's currency using market exchange rates, one country might be inferred to have higher real GDP than the other country in one year but lower in the other; both of these inferences would fail to reflect the reality of their relative levels of production. But if one country's GDP is converted into the other country's currency using PPP exchange rates instead of observed market exchange rates, the false inference will not occur.

Concept

The idea originated with the School of Salamanca in the 16th century and was developed in its modern form by Gustav Cassel in 1918.^{[2][3]} The concept is based on the law of one price, where in the absence of transaction costs and official trade barriers, identical goods will have the same price in different markets when the prices are expressed in the same currency.

Another interpretation is that the difference in the rate of change in prices at home and abroad—the difference in the inflation rates—is equal to the percentage depreciation or appreciation of the exchange rate.

Deviations from parity imply differences in purchasing power of a "basket of goods" across countries, which means that for the purposes of many international comparisons, countries' GDPs or other

national income statistics need to be "PPP-adjusted" and converted into common units. The best-known purchasing power adjustment is the Geary–Khamis dollar (the "international dollar").

There can be marked differences between purchasing power adjusted incomes and those converted via market exchange rates.^[5] For example, the World Bank's World Development Indicators 2005 estimated that in 2003, one Geary-Khamis dollar was equivalent to about 1.8 Chinese yuan by purchasing power parity—considerably different from the nominal exchange rate.

Functions

The purchasing power parity exchange rate serves two main functions. PPP exchange rates can be useful for making comparisons between countries because they stay fairly constant from day to day or week to week and only change modestly, if at all, from year to year. Second, over a period of years, exchange rates do tend to move in the general direction of the PPP exchange rate and there is some value to knowing in which direction the exchange rate is more likely to shift over the long run.

Measurement

The PPP exchange-rate calculation is controversial because of the difficulties of finding comparable baskets of goods to compare purchasing power across countries.

Estimation of purchasing power parity is complicated by the fact that countries do not simply differ in a uniform price level; rather, the difference in food prices may be greater than the difference in housing prices, while also less than the difference in entertainment prices. People in different countries typically consume different baskets of goods. It is necessary to compare the cost of baskets of goods and services using a price index. This is a difficult task because purchasing patterns and even the goods available to purchase differ across countries.

Thus, it is necessary to make adjustments for differences in the quality of goods and services. Furthermore, the basket of goods representative of one economy will vary from that of another: Americans eat more bread; Chinese more rice. Hence a PPP calculated using the US consumption as a base will differ from that calculated using China as a base. Additional statistical difficulties arise with multilateral comparisons when (as is usually the case) more than two countries are to be compared.

Various ways of averaging bilateral PPPs can provide a more stable multilateral comparison, but at the cost of distorting bilateral ones. These are all general issues of indexing; as with other price indices there is no way to reduce complexity to a single number that is equally satisfying for all purposes. Nevertheless, PPPs are typically robust in the face of the many problems that arise in using market exchange rates to make comparisons.

Need for adjustments to GDP

The exchange rate reflects transaction values for traded goods between countries in contrast to non-traded goods, that is, goods produced for home-country use. Also, currencies are traded for purposes other than trade in goods and services, e.g., to buy capital assets whose prices vary more than those of physical goods. Also, different interest rates, speculation, hedging or interventions by central banks can influence the foreign-exchange market.

The PPP method is used as an alternative to correct for possible statistical bias. The Penn World Table is a widely cited source of PPP adjustments, and the so-called Penn effect reflects such a systematic bias in using exchange rates to outputs among countries.

Extrapolating PPP rates

Since global PPP estimates —such as those provided by the ICP— are not calculated annually, but for a single year, PPP exchange rates for years other than the benchmark year need to be extrapolated. One way of doing this is by using the country's GDP deflator. To calculate a country's PPP exchange rate in Geary–Khamis dollars for a particular year, the calculation proceeds in the following manner:

$$\text{PPPrate}_{X,i} = \frac{\text{PPPrate}_{X,b} \cdot \frac{\text{GDPdef}_{X,i}}{\text{GDPdef}_{X,b}}}{\text{PPPrate}_{U,b} \cdot \frac{\text{GDPdef}_{U,i}}{\text{GDPdef}_{U,b}}}$$

Difficulties

There are a number of reasons that different measures do not perfectly reflect standards of living.

Range and quality of goods

The goods that the currency has the "power" to purchase are a basket of goods of different types:

1. Local, non-tradable goods and services (like electric power) that are produced and sold domestically.
2. Tradable goods such as non-perishable commodities that can be sold on the international market (like diamonds).

The more that a product falls into category 1, the more its price will be from the currency exchange rate, moving towards the PPP exchange rate. Conversely, category 2 products tend to trade close to the currency exchange rate. (See also Penn effect).

More processed and expensive products are likely to be tradable, falling into the second category, and drifting from the PPP exchange rate to the currency exchange rate.

The corporate cost advantage is nothing more sophisticated than access to cheaper workers, but because the pay of those workers goes farther in low-income countries than high, the relative pay differentials (inter-country) can be sustained for longer than would be the case otherwise. (This is another way of saying that the wage rate is based on average local productivity and that this is below the per capita productivity that factories selling tradable goods to international markets can achieve.) An equivalent cost benefit comes from non-traded goods that can be sourced locally (nearer the PPP-exchange rate than the nominal exchange rate in which receipts are paid). These act as a cheaper factor of production than is available to factories in richer countries.

Departures from free competition

Linkages between national price levels are also weakened when trade barriers and imperfectly competitive market structures occur together. Pricing to market occurs when a firm sells the same product for different prices in different markets.

Differences in price level measurement

Measurements of price levels differ from country to country. Inflation data from different countries are based on different commodity baskets; therefore, exchange rate changes do not offset official measures of inflation differences. Because it makes predictions about price changes rather than price levels, relative PPP is still a useful concept. However, change in the relative prices of basket components can cause relative PPP to fail tests that are based on official price indexes.

Global poverty line

The global poverty line is a worldwide count of people who live below an international poverty line, referred to as the dollar-a-day line. This line represents an average of the national poverty lines of the world's poorest countries, expressed in international dollars. These national poverty lines are converted to international currency and the global line is converted back to local currency using the PPP exchange rates from the ICP.

Familiarize yourself with the difference between long term and short term insurance

Non-indemnity Insurance

Most life insurance contracts offer benefits in the form of lump sums also known as a sum insured. This amount is determined upfront when the contract is entered into and does not necessarily have a bearing on the loss eventually suffered at death or disability. Life insurance is therefore a form of non-indemnity cover. In a non-indemnity contract the life insured must therefore suffer financially as a result of the event insured against.

Indemnity Insurance

Short term insurance is a form of indemnity insurance. This means that the insured is entitled to be compensated for the actual loss suffered for an event for which he was insured against.

Note also that the event might never occur. For example: you might never suffer an accident, a risk which your short term policy insures you against.

Activity 01-

You are an immigrant to this country and one of the first things you are required to do is to open a bank account. Having spoken to numerous people, you decide that the only way that you are going to decide which account is best for you is to perform the following exercise.

Select any 3 banking institutions and determine the following information:

- **Types of accounts offered by institution**
- **Purpose of each type of account**

a Name of Bank - _____

TYPE OF ACCOUNT -	PURPOSE OF ACCOUNT

<p>Topic:02- The Role of the Banking Association South Africa</p> <p>Time allocation:</p>	<p>20Hours</p>
<p>Learning outcomes: <i>By the end of this section the student should be able to:</i> A fundamental understanding of the theory and practice of the South African banking and financial services system is applied in practice</p>	
<p>Activities:</p> <p>Apply South African banking and financial services system?</p> <p>The facilitator should discuss the following content comprehensively:</p> <p>Investigate the types of accounts offered at three different banking institutions and indicate the purpose of each type of account</p> <p>Learners are required to do the following:</p> <ul style="list-style-type: none"> • Class activity • AC2-A fundamental understanding of the theory and practice of the South African banking and financial services system is applied in practice 	<p>References and Resources</p> <ul style="list-style-type: none"> • notes

Topic: 02- The Role of the Banking Association South Africa

Introduction

The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999) is one of the most important pieces of legislation passed by the first democratic government in South Africa. The Act promotes the objective of good financial management in order to maximise service delivery through the effective and efficient use of the limited resources.

The key objectives of the Act may be summarized as being to:

- Modernise the system of financial management in the public sector;
- Enable public sector managers to manage, but at the same time be held more accountable;
- Ensure the timely provision of quality information; and
- Eliminate the waste and corruption in the use of public assets.

The Act, which came into effect from 1 April 2000, gives effect to sections 213 and 215 to 219 of The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) for the national and provincial spheres of government. These sections require national legislation to establish a national treasury, to introduce uniform treasury norms and standards, to prescribe measures to ensure transparency and expenditure control in all spheres of government, and to set the operational procedures for borrowing, guarantees, procurement and oversight over the various national and provincial revenue funds.

The PFMA adopts an approach to financial management, which focuses on outputs and responsibilities rather than the rule driven approach of the previous Exchequer Acts. The Act is part of a broader strategy on improving financial management in the public sector.

Background and Approach

The Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) must be read together with the Public Finance Management Amendment Act (Act No. 29 of 1999). The two Acts do not make sense on their own - the initial consolidated bill had to be separated into two bills for technical reasons to comply with the Constitution which determines various procedures for the passage of bills through Parliament. The first Bill (now Act No. 1 of 1999) had to apply only to the national sphere, and be passed as a section 75 bill as outlined in that section of the Constitution. Almost all references to

provinces were removed from this Act, resulting in missing numbering in the Act in order to protect the numbering system for the consolidated Act. A second bill (now Act No. 29 of 1999) amending Act No. 1 of 1999 was then introduced to incorporate provinces - this Bill had to be passed in terms of section 76(1) procedure in Parliament, as outlined in that section of the Constitution.

The PFMA gives effect to section 216(1) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). This requires national legislation to "establish a national treasury and prescribes measures to ensure transparency and expenditure control in each sphere of government, by introducing:

- a. generally recognised accounting practice;
- b. uniform expenditure classifications; and
- c. uniform treasury norms and standards.

The Act also gives effect to other sections in Chapter 13 of the Constitution. These sections are:

- a. Section 213 that limits exclusions and withdrawals from the National Revenue Fund through an Act of Parliament;
- b. Section 215 which notes that budgets and the budgetary process "must promote transparency, accountability and the effective financial management of the economy, debt and the public sector" and for national legislation to "prescribe" budget formats for all the spheres of government;
- c. Section 217 on procurement to be "in accordance with a system which is fair, equitable, transparent, competitive and cost-effective;
- d. Section 218 on the conditions for the issue of guarantees by a government in any sphere;
- e. Section 226 that limits an exclusion from a provincial revenue fund through an Act of Parliament;
- f. Sections 100 and 216 on intervention by the national government when an organ fails to perform an executive function related to financial management, and circumstances under which funds may be withheld.

The Public Finance Management Act will replace or supercede the various national and provincial Exchequer Acts and the Reporting of Public Entities Act currently in place. Financial accountability was

undermined as different legislation applied for different entities. Further, legislation regulating financial management was narrowly focused on expenditure control.

Key Policy Issues

Division of responsibility This Act assumes that the political head of a department (Cabinet Minister or a provincial MEC) is responsible for policy matters and outcomes; this includes seeking Parliamentary (or provincial legislature) approval and adoption of the department's budget vote. The head official (Director-General of a national department or provincial head of department) is responsible for outputs and implementation, and is accountable to Parliament or provincial legislature for the management of the implementation of that budget. This approach is in line with the approach of the new Public Service Regulations, which relies on a performance-driven system based on measurable outputs.

Application of this Act: Departments and Public Entities

This Act gives effect to section 216 and other sections of the constitution. It will apply to the national and provincial spheres and public entities under their ownership control. Parliament, provincial legislatures and independent institutions established by the Constitution are also covered in this Act. The Municipal Finance Management Act, No. 56 of 2003, covers the local government.

An important objective of this Act is to put in place a more effective financial accountability system over public entities. All entities are required to be listed- the major public entities listed in Schedule 2 enjoy full managerial autonomy, with government only able to intervene in its capacity as a majority or sole shareholder. Other public entities are listed in Schedule 3, and enjoy lesser degrees of autonomy.

Composition of the National Treasury

The National Treasury is comprised of the Minister together with the national department or departments responsible for financial and fiscal matters. The Minister is the head of the Treasury.

Powers of the National Treasury

The Constitution confers extensive powers on national government to determine the financial management framework over all organs of state, in all spheres of government. National government must, through national legislation, determine uniform treasury norms and standards. The National Treasury is further expected to monitor and enforce these norms. The National Treasury, therefore, not only implements the budget of the national government, but also plays a financial over-sight role

over other organs of state in all spheres of government.

Establishment of Provincial Treasuries- their Role and Function

This Act establishes provincial treasuries, which are responsible for preparing and managing provincial budgets, and enforcing uniform treasury norms and standards as prescribed by the National Treasury and this Act. Note that this chapter is excluded in the first bill as it applies to provinces, but was included in the second, section 76, amendment bill.

Accounting Officers

This Act confers specific responsibilities on accounting officers. The Act vests four key responsibilities, which are:

- a. the operation of basic financial management systems, including internal controls in departments and any entities they control;
- b. to ensure that departments do not overspend their budgets;
- c. to report on a monthly and annual basis, including the submission of annual financial statements two months after the end of a financial year; and
- d. to publish annual reports in a prescribed format which will introduce performance reporting. Accounting officers who are negligent and make no effort to comply with these responsibilities will face strict disciplinary sanctions, including dismissal. Similar sanctions will apply to treasury officials failing to carry out their responsibilities. The new Public Service Act regulations and the trend towards performance contracts will complement this approach. Accounting officers are expected to appoint chief financial officers as part of their senior management to enable them to fulfill these responsibilities.

Similar fiduciary responsibilities and sanctions are also outlined for the Boards (called accounting authorities) of public entities.

Voting by main division and virement

The Act requires parliament to vote by programme ("main divisions within a vote") rather than departmental votes. This will require further information on outputs per programme, and limit the

powers of accounting officers to move funds between programmes. Such movement or virement is restricted to 8% of the total allocation for a programme.

Improved information and timely submission of financial statements

The Act aims to address the problem of the late submission of financial statements within government, to comply with the constitutional obligations for generally recognised accounting practices and greater transparency, and to improve financial management and accountability through better and more timely information flows. It establishes an Accounting Standard Board to determine generally recognised accounting practices for all spheres of government, including the local sphere.

Chapter Summary of the Act

Chapter One of the Act deals with definitions, objects, application and amendment of this Act. The Act will apply to national and provincial government institutions, which include national and provincial departments, and the entities under their ownership control. Key definitions to note are those of ownership control, government enterprises, main division within a vote, unauthorised, irregular and fruitless expenditure and wasteful expenditure. A procedure to amend this Act is included and is intended to prevent other Acts of Parliament from amending or inadvertently by-passing the provisions of this Act.

Chapter Two of the Act establishes the National Treasury, and deals with its composition, functions, powers and responsibilities. The National Treasury is comprised of the Minister and the national department or departments responsible for financial and fiscal matters. The Minister is empowered to delegate the day-to-day operations of the Treasury. The National Treasury is empowered to develop the overall macroeconomic and fiscal framework, co-ordinate intergovernmental fiscal relations and the budget preparation process, manage the implementation of a budget and promote and enforce revenue, asset and liability management.

The National Treasury is also empowered to determine a banking and cash management framework, and to require banks to provide information on the accounts of national and provincial institutions. The chapter also gives effect to section 213 of the constitution on the management of the national revenue Fund, any exclusions to depositing money received, and the authorisation required before incurring any expenditure.

Chapter Three establishes provincial treasuries and deals with their composition, powers and

functions, and the management of provincial revenue funds.

Chapter Four on the budget process gives effect to section 215 of the constitution on the timing and content of national and provincial budgets, and the reporting requirements that will promote greater transparency in the implementation of a budget. It outlines what adjustments budgets must deal with, and outlines the minimum content for multi-year budgets. This section also contains a clause on unfunded mandates.

Chapter Five ensures that all national and provincial institutions and entities have accounting officers, spells out their responsibilities and the disciplinary sanctions that will apply in the event of negligence in fulfilling these responsibilities. This chapter obligates accounting officers to produce monthly and annual financial reports for their political heads and accounting officers to prevent overspending on budgets. The shifting of funds between programmes (or main divisions within a vote) or virement is also dealt with in this part of the Act. Chapter Six of the Act ensures that all public entities are listed in two Schedules. Schedule 2 covers the major public entities, and confers maximum autonomy to these entities. Schedule 3 covers all the other public entities with lesser degrees of autonomy. This chapter outlines the fiduciary and other responsibilities of the governing boards of these entities, which are similar to the responsibilities of accounting officers.

Chapter Seven covers the responsibilities of Ministers and MECs, who are referred to as the executive authorities of departments and public entities.

Chapter Eight of the Act outlines general principles on borrowing and the issuing of guarantees. This chapter gives effect to section 218 of the Constitution on the issuing of guarantees. The chapter also regulates the borrowing operations of the national government and determines the person who can borrow on behalf of any national or provincial government entity. It makes illegal any other forms of borrowing or financial commitment, with strict sanctions applying.

Chapter Nine of the Act lists the areas over which the National Treasury is empowered to issue treasury regulations and instructions. It also obligates the appointment and composition of audit committees.

Chapter Ten of the Act defines financial misconduct, and deals with the procedures for disciplining those public officials guilty of financial misconduct. It also includes a provision for criminal prosecution to apply where there is gross financial misconduct.

Chapter Eleven establishes an Accounting Standards Board, which will have the power to determine generally recognised accounting practices for the public sector.

Chapter Twelve deals with transitional and other miscellaneous issues related to the implementation of this Act and when it takes effect. Some of the provisions of the Act cannot be implemented immediately, and may take up to five years to implement fully (e.g. the sections relating to consolidated financial statements). The transitional arrangements will allow the Minister to phase in such provisions.

The Role of the Banking Association South Africa

The Banking Association South Africa is the mandated representative of the banking sector and addresses industry issues through:

- Lobbying
- Policy influence
- Guiding transformation in the sector
- Acting as a catalyst for constructive and sustainable change in the sector
- Research and development
- Engagement with critical stakeholders

The broad role of The Banking Association is to “establish and maintain the best possible platform on which banks can do responsible, competitive and profitable banking”. A critical role of The Banking Association is to work with its members to enable this role within the context of the transformation challenges our country is addressing.

The Banking Association South Africa manages numerous committees that advise The Banking Association executive on issues pertinent to the sector.

In addition to the committees, The Banking Association South Africa oversees several business forums, task groups and sub-committees which are interim structures put in place to assist the committees in resolving a particular matter/issue at a given time.

History of The Banking Association South Africa

The Banking Association South Africa has its genesis in the Council of South African Banks (COSAB). In March 1992, four separate associations addressing specific areas of activity in the banking sector were merged to form COSAB.

These associations were:

- The Association of Mortgage Lenders
- Merchant Bankers Association
- Clearing Bankers Association
- Association of General Banks

TASK 02 – Critical Analysis

Apply South African banking and financial services system?

Topic:03- Financial products Time allocation:	10Hours
Learning outcomes: <i>By the end of this section the student should be able to:</i> <ul style="list-style-type: none"> ▪ The financial products available to a client are explained with examples 	
Content and Activities: The facilitator should discuss the following content comprehensively: After considering several options, make a decision as to which banking institution and type of account is best for you own use Learners are required to do the following: <ul style="list-style-type: none"> • Class activity 	References and Resources <ul style="list-style-type: none"> • notes

Topic: 03- Financial products

OBJECTIVES:

AT THE END OF THIS SESSION YOU WILL BE ABLE TO:

- Research the financial costs of withdrawing, depositing and transferring money via an ATM and at a teller in the bank and compare these results.
- Investigate the hidden costs of keeping money in a bank
- Explain the non-financial issues to be considered when choosing a bank
- Compare and discuss the benefits and dangers of storing money in cash with the benefits and dangers of using banking facilities and make a decision about the safe keeping of personal savings



THE FINANCIAL COSTS OF WITHDRAWING, DEPOSITING AND TRANSFERRING MONEY VIA AN ATM AND AT A TELLER

What is a service fee:

This is the fee that the bank charges you as the customer for operating your account. Some banks charge a flat fee or allow you to choose an option that allows you to have a flat fee, alternatively you can opt to be charged per transaction.

There are many types of service fees. Let us examine some of these. Please bear in mind that these are ever changing and will become out of date quickly. Double check these for yourself.

CASH WITHDRAWALS

Branch Counter	R25,00
Absa ATM	R2,40 / R0,90
Saswitch ATM	R7,40 / R0,90
Absa Sponsored ATM	R4,60 / R0,90
Maestro / Electron Point-of-Sale	R1,75 / R0,50 / R10,00
Overseas ATM	R30,00

TRANSFERS

ATM Account Transfer	R2,75
Internet Banking Transfer	R2,75
Telephone Banking Transfer	R2,75 (Self-Direct) R4,00 (Advisor-Assisted)
Cellphone Banking	R2,75
Branch Counter Transfer	Service Fee

ACCOUNT PAYMENTS

Absa ATM	R1,75 / R0,50 / R10,00
Internet Banking Transfer	R1,75 / R0,50 / R10,00
Telephone Banking	R1,75 / R0,50 / R10,00 (Self-Direct) R3,50 / R0,50 / R10,00 (Advisor-Assisted)

Cellphone Banking	R1,75 / R0,50 /R10,00
Debit Card Purchase (Maestro / Electron Point of Sale)	R1,75 / R0,50 / R10,00
Branch	Service Fee
Debit Order	Service Fee (Outside Absa R4,20 (Internal to Absa)
Stop Order	Service Fee (Outside Absa R4,20 (Internal to Absa)

CASH DEPOSITS

Branch Counter	R1,00 per R100 or part thereof
Absa ATM	Free

OTHER

Airtime top-up (Cell-C, Vodago,MTN)	R2.70
Prepaid top-up (Cell-C,Vodago,MTN)	R2.70
Bank Cheque	R32.00
Stop Payment (Debit Order / Stop Order / Cheque / Bank Cheque	R22.00
Stop Order Establishment / Amendment	R8,00 via Branch R8,00 via Telephone Banking (Advisor Assisted) R2,75 via Internet Banking
Special Clearance of Cheque Deposit	R40,00
Dishonour / Returned Debit Order	R100,00
Posted-dated Cheque Unpaid	R55,00

MONTHLY FEES*

Minimum Monthly Service Fee (Silver and Gold accounts)	R27.00
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Automatic Teller Machine (ATM) Tips

- All the transactions you can do at an Absa ATM cost less than over the counter at a branch
- Paying your regular accounts by electronic transfer and account payments at an Absa ATM is much cheaper than paying by cheque
- By using an Absa ATM instead of other banks' ATMs, you avoid paying the applicable Saswitch charges \

TASK 3 – ATM Poster

You are required to compile a poster on an A4 page that can be used to demonstrate to people, whose reading skills are not that good, on how to use an ATM safely. Keep it simple.

Task 4 - Extract the Following Information and Compare the Costs

	WITHDRAWAL	DEPOSITS	TRANSFERRING
ATM			
TELLER			

MY FINDINGS

Discuss which option would be more viable and reasons why:

TASK 4- HIDDEN COSTS OF KEEPING MONEY IN A BANK

You are required to investigate the hidden costs of keeping money in a bank. Choose three banks and examine them in respect to the service fee charges we have already examined.



Hidden Costs	Bank 1	Bank 2	Bank 3

TRANSFERRING MONEY DIRECT INTO SOMEONE ELSE'S ACCOUNT

Add beneficiaries to your profile

After confirming the banking details of beneficiaries, you may add them to your profile. You may add any beneficiary with a South African bank account to your profile. You can also include any beneficiary with a credit card, American Express Card, or 'approved beneficiary': a company or institution (eg Telkom) with which particular bank has a special agreement. You don't need banking details for approved beneficiaries - simply select them from the list.

Payment methods

At most banks you can choose how you make payments; your choice will depend on whether you pay a beneficiary regularly or only once.

Regular payments

For payments such as school fees, telephone accounts or other regular payments, link the beneficiary to your profile. To make a payment just select it each month; no need to reenter the account number or other details. You can link up to 99 beneficiaries to your profile!

Once-off payments

For occasional payments - eg to your plumber or dentist - use the quick and convenient once-off payment facility and create more space on your profile for regular payments. You may make once-off payments to any beneficiary with a South African bank account, a credit card or American Express Card - also to any of our 'approved beneficiaries': the companies or institutions with which the bank has a special payment agreement for your convenience. You do not need to know the banking details of approved beneficiaries - simply select them from the list. Payment timings

Payments to third parties may not go through immediately, especially if you are making payments to other banking accounts at different banks.

The delay is because payments between banks go through to the Automated Clearing Bureau (ACB) once a day. They are sorted and normally distributed to the destination bank the following day - but

may be held up by weekends and public holidays. The time your payments take to arrive will depend, therefore, on the recipient and the timing of your payment.

THE COSTS OF CREDIT AND CURRENT INTEREST RATES

Interest Rates

Credit should only be used to fund long-term big-ticket assets that you could not otherwise afford, such as a car or a new fridge. It goes without saying, however, that if you can afford to pay cash for these items you should certainly do so – interest rates are high and too many South Africans fall into the trap of overextending themselves on credit.

Credit should most certainly not be used to purchase luxuries like perfume. Living beyond your means is sure to lead you down the path of financial turmoil.

Buying on terms using your credit card is very expensive. A bottle of perfume is going to cost you a whole lot more than if you pay cash for it.

Credit Cards:			
Description	Credit Interest	Debit Interest	Budget Interest
MasterCard Electronic	4.75%	26.00%	n/a
Ordinary	7.75%	23.00%	23.00%
Gold	8.00%	22.25%	22.75%
Platinum	9.00%	20.50%	21.50%
Business Ordinary	7.75%	23.00%	n/a
Business Gold	8.00%	22.75%	n/a
Affinities Ordinary	7.75%	23.00%	23.00%
Affinities Gold	8.00%	22.25%	22.75%
Absa Rewards Silver & Ordinary	7.75%	22.75%	23.00%
Absa Rewards Gold	8.00%	22.00%	22.75%
Corporate Cards	8.00%	20.00%	n/a

SECTION E: SELF REFLECTION

I enjoyed/did not enjoy this module because:



I found group work

!!!

The most interesting thing I learnt was:



I feel I have gained the necessary skills and knowledge to:



Please add the following to this module:



Some comments from my classmates about my participation in class:



ADDENDUMS

The following templates are attached, and must be completed as per due dates in the Academic Calendar and the FET Academic and QA Guide for Academic Managers:

- Facilitator Evaluations completed by Learners (F/C8/A)
- Programme Evaluations completed by Learners (F/C5/B)
- Learner Query Form (F/B6/A) [Please notes, for a quicker response, complaints can also be entered in the Complaints Register at Reception]

FACILITATOR EVALUATIONS COMPLETED BY LEARNERS

Name of Campus:	
Name of Programme:	
Name of Module:	
Name of Facilitator:	
Name of Learner:	
Date Completed:	

Instructions to learners:

1. Use a black or blue pen
2. Write in block letters
3. Provide relevant rating for 1 - 16
4. Where written responses are required, please provide as much information as possible
5. These surveys are treated as confidential, as general feedback is provided to the facilitator without mentioning names
- 6.

Please rate your facilitator, adding constructive comments. Use the following rating scale: 4 - Outstanding 3 - Good 2 - Fair				
	Areas:	Rating:	Comment on what the facilitator does really well in this area:	How can the facilitator improve in this area? Please provide specific feedback for the facilitator
1	The facilitator generally establishes a suitable mood for learning			
2	The facilitator motivates all learners to learn new information			
3	The facilitator explains the usefulness of the content in relation to the workplace			
4	The facilitator introduces the session, and outlines the content			

5	The facilitator clearly writes the learning objectives for each session on the whiteboard			
6	The facilitator is punctual and paces the session well, allowing time for questions			
7	The facilitator clarifies/explains new concepts			
8	The facilitator evaluates learners' understanding periodically by asking			
9	The facilitator walks around the class when we are doing group activities, assisting various			
10	The facilitator uses visual aids to make the lesson more interesting			
11	The facilitator makes eye contact with the learners			
12	The facilitator speaks loud enough for all to hear			
13	Attendance registers are signed in every session			
14	The facilitator makes our sessions interesting			
15	The facilitator is a subject matter expert			

16	Overall rating of the facilitator, and general comments:			
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PROGRAMME EVALUATIONS COMPLETED BY LEARNERS

Instructions to learners:

1. Use a black or blue pen
2. Write in block letters
3. Tick the appropriate block where requested
4. Where written responses are required, please provide as much information as possible

Name of Student:			
Name of Programme:			
Full time/Part time:			
Name of Site:		Date:	

A. OVERALL ASPECTS

YES NO

		YES	NO
1	Did you take part in an Orientation Session?		
2	Did you receive your course material on time?		
3	Were you provided with career guidance by a staff member at the beginning (e.g. Sales Consultant, Academic Manager, Facilitator)?		
4	Have you studied at other tertiary institutions before?		
5	Is this the first time you are studying?		
6	Are you enjoying the programme you have enrolled for thus far?		
	<i>If 'Yes', please motivate:</i>		
	<i>If 'No', state the reasons why not:</i>		
8	What are your highest qualifications?		
9	What are your expectations of this course?		
10	What do you hope to achieve once you have graduated?		
11	What other courses would you like to see FALCON offering?		

B.ABOUT THE LEARNING PROGRAMME		YES	NO
1	Do you think the course material is understandable?		
2	Is your facilitator well-versed on the course?		
3	Does your facilitator introduce the lesson, and the outcomes that need to be achieved at the beginning of the session?		
4	Does your facilitator summarise the important points at the end of the lesson?		
5	Does the facilitator lecture in a manner that is easy to understand?		
6	Do you feel you can approach your facilitator to clarify the content?		
7	Are you constantly reminded by the facilitator how the knowledge you are gaining will be applied in the workplace?		
8	Do you have access to all the facilities required by the course?		
	If 'no', state what is required:		
9	Do you feel that you need extra learner support in order to pass?		
	If 'yes', please state the support required:		
10	What aspects of the programme have you enjoyed <i>the most</i> so far?		
11	What aspects of the programme have you enjoyed <i>the least</i> so far?		
12	What would you like to see added to this programme?		
13	List any improvements you would like to see in the content of the course?		

C. ASSESSMENTS**YES****NO**

1	Was an assessment briefing conducted with you at the beginning of the course in which the assessment principles, strategies, etc. were explained to you?		
2	Do you understand how your programme will be assessed (i.e. formative and summative assessments)?		
3	Has the compulsory Work Integrated Learning component been explained to you?		
4	Do you understand what is expected of you regarding the WIL component?		

This section must ONLY be completed by learners who have enrolled for FULL or SKILLS programmes (not short programmes):

		YES	NO
1	Have you been issued with a Learner Portfolio of Evidence?		
2	Have you completed the Assessment Plan in your Portfolio?		
3	Have all sections in the front of your PoE (Admin Section) been completed, dated and signed by all parties?		
4	Do the activities in the PoE effectively help you to achieve the learning outcomes of the programme?		
5	Is the assessment process fair (valid)?		
6	Is the assessment process accurate?		
7	Are you placing sufficient evidence in your portfolio in order for the Assessor to reach a competency decision?		
8	Does the facilitator clearly indicate the assessment requirements and criteria before an activity?		
9	Do you know how to appeal an assessment decision?		

D. RATINGS

- How would you rate your studying experience (facilities, receiving of course material and assessment process)?
 - Excellent
 - Very Good
 - Good
 - Average
 - Poor

- How would you rate the facilitator's overall delivery and knowledge of the course?
 - Excellent
 - Very Good
 - Good
 - Average
 - Poor

GENERAL COMMENTS ABOUT THE PROGRAMME:

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LEARNER QUERY FORM

Date		Time		Student No.	
Surname			First Names		
Contact No.			E- Mail Address		
Query:					
OFFICE USE ONLY					
(NB. Staff responsible for query must sign the Complaints Register Book/File to record receipt of query)					
Name of person responsible for query:					
Date Student Contacted			Time Student Contacted		
Points to note regarding Query :					
Signature of staff:			Signature of Reception:		
Once query is completed, this form is returned to reception for signature, and also for reception, to be					
Filed in the Complaints Register.					