

Level 3 Certificate in Principles of Payments (CertPAY)

Qualification Specification



Table of Contents

PURPOSE OF THE QUALIFICATION	3
WHY STUDY THE CERTIFICATE IN PRINCIPLES OF PAYMENTS?	3
OBJECTIVES	3
KEY CONTENT AREAS	3
QUALIFICATION LEARNING OUTCOMES	4
KEY SKILLS DEVELOPED	4
ENTRY REQUIREMENTS	4
RECOGNITION OF PRIOR LEARNING	4
PROGRESSION AND PREPARATION FOR FURTHER STUDY	5
APPRENTICESHIPS	5
PREPARATION FOR EMPLOYMENT / PROFESSIONAL DEVELOPMENT	5
STRUCTURE	5
TOTAL QUALIFICATION TIME (TQT)	5
LEARNING RESOURCES	6
WHAT TO DO BEFORE THE ASSESSMENT	6
ASSESSMENT	7
QUALIFICATION GRADING	7
APPENDICES	8
APPENDIX 1 – REGULATION DETAIL	8
APPENDIX 2 – UNIT 1 – PRINCIPLES OF THE PAYMENTS INDUSTRY (PPA)	9
APPENDIX 3 – UNIT 2 – PAYMENT REGULATION, RISK AND COMPLIANCE (PRC)	15

Please Note - Uncontrolled document when printed.

Please always review the latest document available through the website.

Purpose of the qualification

Why study the Certificate in Principles of Payments?

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

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

Objectives

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

Key content areas

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

Qualification learning outcomes

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

LO	Detail	Unit	LO
LO1	the component parts of payments	1	1
LO2	the economic value and systemic importance of payments	1	2
LO3	the infrastructure of payments	1	3
LO4	payment regulation and compliance	2	1
LO5	the risk and security associated with the payments industry	2	2
LO6	the international payment context	1 / 2	ALL

Key skills developed

The qualification will encourage you to:

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

Entry requirements

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

There are no specified entry requirements. However, you need to be satisfied of your ability to study in English at the International English Language Testing System (IELTS) band 6¹ / the Common European Framework (CEFR) at B2.

Recognition of prior learning

The London Institute of Banking & Finance recognises prior learning in different forms. Potentially this means that you may not be required to register for every unit. Details of how to apply for recognition of prior learning are available on the website.

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

Progression and preparation for further study

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

Apprenticeships

CertPAY is not currently available through an apprenticeship standard.

Preparation for employment / professional development

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

Structure

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

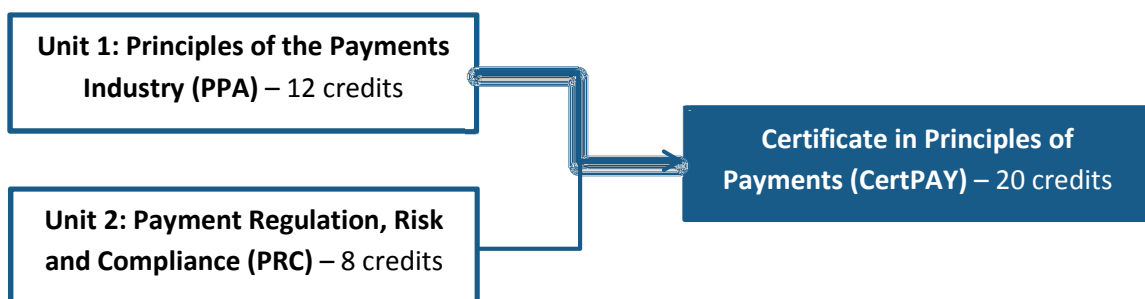


Figure 1 – qualification structure

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

Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time the typical student may need to complete the course.

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

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

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

Guided Learning Hours	0 hours
Other hours	200 hours
Total Qualification Time	200 hours

Learning resources

You will be provided with the following learning resources²:

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

Please note: A hard copy of the study text is available for an additional fee.

What to do before the assessment

Examinations are sat electronically at any one of the Pearson VUE test centres worldwide (*availability is on a first come first served basis*). You must be registered to sit an examination at a centre of your choosing (subject to demand / availability); this is managed by you. It is recommended that you book your exam 3 weeks in advance of the date you wish to sit. However, subject to availability, an examination can be booked as little as 2 working days in advance.

Examinations can be booked via the [Pearson VUE website](#) or by [phone](#).

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

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

Assessment

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

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

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

Appendix 2 provides detail of component weighting.

Qualification grading

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

Grade	Pass mark (%)
Pass	70–100

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

Resit attempts

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

Appendices

Appendix 1 – Regulation detail

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

Qualification title	Certificate in Principles of Payments (CertPAY)
Ofqual qualification number	603/0988/X
Regulated Qualifications Framework (RQF) level	3
European Qualifications Framework (EQF) level	4
Qualification Type	Other General
Guided learning hours	0
Total qualification time	200
Total credits	20
Sector Subject Area	15. Business, Administration, Finance and Law
Sub SSA	15.1 Accounting and finance
Overall grading type	Pass
Assessment methods	Multiple-choice
Regulated in	England
Qualification for ages	16-18 and 19+
Operational start date	29 March 2017
Qualification description	The CertPAY consists of two mandatory units. A total credit value of 20 must be obtained for achievement of the qualification.

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

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

Unit 1 Profile

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

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

Unit 1 assessment method

The assessment of Unit 1 will have one component:

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

Unit 1 learning outcomes / assessment criteria

Learning outcome (LO) The learner will:	Assessment criteria (AC) The learner can:
<p>1. Understand the component parts of payments</p>	<p>1.1 Explain what a payment is</p> <p>1.2 Distinguish between different types of payment and explain the payment process</p> <p>1.3 Identify parties to payments, distinguish between charging conventions and explain straight through processing</p> <p>1.4 Explain connectivity and how payments work</p> <p>1.5 Explain how to ensure customers receive value and the importance of providing appropriate advice</p>
<p>2. Understand the economic value and systemic importance of payments</p>	<p>2.1 Explain trade facilitation and assess the impact of late payments</p> <p>2.2 Explain how payment information is reported</p> <p>2.3 Explain the concept and importance of liquidity management</p> <p>2.4 Assess the impact of business continuity and external factors on the payments industry</p> <p>2.5 Explain the socio-economic and international features of the payments industry</p>
<p>3. Understand the infrastructure of payments</p>	<p>3.1 Identify the key features of the payments industry</p> <p>3.2 Identify the key features of operations within the payments industry</p> <p>3.3 Explain the main payment networks and digital transformation</p> <p>3.4 Identify and explain the technical standards used within the payments industry</p> <p>3.5 Explain technology and infrastructure within the payments industry</p> <p>3.6 Understand how sales cycle management fits within the payments industry and requests for proposals</p>

Unit 1 syllabus

INDICATIVE CONTENT	
LO1:	Understand the component parts of payments
AC1.1	<p>What is a payment?</p> <ul style="list-style-type: none"> • Payments supporting life's needs – buying food, paying for a holiday • Payments supporting business – receiving payment for goods and services, paying salaries and dividends • Payments as the building blocks of cash management • Receipt of a payment, ie cash flow / management
AC1.2	<p>The payment process:</p> <ul style="list-style-type: none"> • Types of payment, definitions, and global terminology <ul style="list-style-type: none"> - High-value payments (ie RTGS, CHAPS, Fedwire, Wire Transfer, Tested Telex) - Low-value payments (ie ACH, iACH, BACS, Faster Payments, Direct Debit) - Cross border, SWIFT, international wire transfer, FX Payment - Book transfer - Card payments (debit, credit, prepaid) - Paper (ie cheque, banker's draft) - E-money (ie mobile money and mobile payments) - Cash - Irrevocable - When value is received
AC1.3	<p>Parties to a payment</p> <ul style="list-style-type: none"> • Remitter / beneficiary • Clearing systems • Service providers: <ul style="list-style-type: none"> - Correspondent banks - Payment service providers (remitting and beneficiary) • Charging Conventions: <ul style="list-style-type: none"> - Beneficiary Deduct (BEN) - Share (SHA) - Our (OUR) - High value and time sensitive payments versus low value and repetitive payments - Payment systems that use interchange eg cards and ATM networks • Straight-through processing

AC1.4	<p>Connectivity:</p> <ul style="list-style-type: none"> • proprietary electronic banking platforms • host-to-host • SWIFT • telephone • branch • mobile • ATM
AC1.5	<ul style="list-style-type: none"> • Ensuring value for customers by understanding cost, time and risk • Providing appropriate guidance
LO2:	Understand the economic value and systemic importance of payments
AC2.1	<ul style="list-style-type: none"> • Enablement for business / government • Impact of late payments <ul style="list-style-type: none"> - Trade - Individuals
AC2.2	<p>Information reporting:</p> <ul style="list-style-type: none"> • Data flows • Reconciliation • Management information • Creation of efficiencies: forecasting, analysis of spending, days sales outstanding, days payables outstanding
AC2.3	<p>Liquidity management:</p> <ul style="list-style-type: none"> • Maximising availability of cash through payments • Sweep structures (zero-balance accounts / ZBA) • Notional pooling (single and multi-currency) • Single country (in-country) versus regional versus global liquidity management • The impact of the regulatory environment on liquidity management • POBO and ROBO
AC2.4	<ul style="list-style-type: none"> • External economic factors and how they can impact on payments • Business continuity planning • Context and role of payments in the banking and finance sector
AC2.5	<ul style="list-style-type: none"> • Currency fluctuations <ul style="list-style-type: none"> - Fixed exchange rate - Floating exchange rate - Forecasting - Returned payments

	<ul style="list-style-type: none"> • Variation in sophistication of markets (including national and international challenges of financial education and financial inclusion)
LO3:	Understand the infrastructure of payments
AC3.1	<p>Market developments:</p> <ul style="list-style-type: none"> • industry standards • technology • changing client (any ‘user’ of the payment) needs <p>Competitive landscape:</p> <ul style="list-style-type: none"> • increasing importance and evolution of payments • key drivers • enablers of change • greater standardisation • improved access • increased competition in the market
AC3.2	<ul style="list-style-type: none"> • Operations <ul style="list-style-type: none"> - Getting payments “out the door” - Formatting (straight-through processing or STP) - First line defence: compliance and anti-money-laundering • Customer service • People in payments and outsourcing • Shared Service Centres • Regional Treasury Centres • Centralised versus decentralised operations • Role of network management • Agency relationships / indirect access: <ul style="list-style-type: none"> - Code of conduct of third-party providers; Service Level Standards and Service Level Agreements
AC3.3	<ul style="list-style-type: none"> • Payment Networks: RTGS / ACH / Visa / MasterCard / SWIFT • Digital transformation (Fin-tech) • How do countries organise payments eg trade bodies, operators, regulators
AC3.4	<ul style="list-style-type: none"> • Technical standards – eg ISO 20022 / SWIFT / propriety formatting / PCI DSS • Why standards are important • Are all standards benchmarked? • Multiple global standards

AC3.5	<p>Technology and infrastructure:</p> <ul style="list-style-type: none"> • centralised v distributed; competitively provided or participant-owned • APIs – PSD2 (payment initiation service providers) • Treasury Management System (TMS) • Enterprise Resource Planning (ERP) • Spreadsheets and paper • Creating business and technology architecture (interfaces and challenges) • Bodies within the payments framework (UK, eurozone and other key financial centres), eg NACHA, APCA (AUS), Canadian payments association, EPC, Target 2
AC3.6	<p>Payment in a business context:</p> <ul style="list-style-type: none"> • The sales cycle • Requests for proposals

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

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

Unit 2 profile

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

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

Unit 2 assessment method

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

Unit 2 learning outcomes / assessment criteria

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

Unit 2 syllabus

INDICATIVE CONTENT	
LO1:	Understand payment regulation and compliance
AC1.1	<ul style="list-style-type: none"> The payment industry ecosystem (ie regulators, central banks, trade bodies) Legal and regulatory payment framework – UK (PSR, Bank of England, FCA & PRA) / international (Federal Reserve, central banks generally, Euro Council & EBA); role of key players (PSR economic regulator, CMA, PRA, FCA) Key payments ‘legislation’ – PSD1 and 2, SEPA and Dodd–Frank Card regulation
AC1.2	<ul style="list-style-type: none"> Role of central banks (the BIS, the ECB, the BoE, the FED and including CPMI and IOSCO) Legality and finality of payments (role of settlement finality, and causes and solutions of payment disputes)

AC1.3	<ul style="list-style-type: none"> • Compliance requirements for payment service providers and best practice
AC1.4	<p>Financial crime:</p> <ul style="list-style-type: none"> • What it is and types • Terrorism • Global standards (FATF) • Fraud • Anti-money-laundering (Money Laundering Regulations UK, 3MLD–5MLD Europe) • Prevention measures (CDD / EDD / SARS) • Detriments in payments and financial crime
AC1.5	<ul style="list-style-type: none"> • Sanctions • Penalties and fines • Bodies eg OFAC / HMT / suppliers of data • Quality of data and the drive to improve
AC1.6	<ul style="list-style-type: none"> • Conduct and ethics (ie regulation, compliance, trends, data sharing, and terms and conditions) • The significance of ethical behaviour in the payments sector and the potential costs of unethical behaviour • Legal / moral and regulatory regimes (ie IAR, SMR)
LO2:	Understand the risks and security associated with the payments industry
AC2.1	<ul style="list-style-type: none"> • Data protection and third-party relations • Within contracts for payment suppliers – how do they handle data (outsourcing, cyber and data theft issues) • Legal and regulatory framework – awareness and practicalities
AC2.2	<ul style="list-style-type: none"> • Types of risk (ie political, operational, settlement, currency, conduct, credit and economic) • Cyber risk and system security (trust that payments will be secure, maintain the integrity of the system / key features) • Systemic risk to the payments industry
AC2.3	<ul style="list-style-type: none"> • Risk prevention and mitigation • Three lines of defence • Audit • Risk / business impact assessments (KPIs) • Risk matrix taking into account probability and impact
AC2.4	<ul style="list-style-type: none"> • Managing payment incidents – how to manage / mitigate risk of payment breaches • Reporting and monitoring • Escalation notification and management

	<ul style="list-style-type: none">• When a payment goes wrong• Role of affected parties (ie payee / payer / PSP / PSO)• Risk event checklist
AC2.5	<p>Security:</p> <ul style="list-style-type: none">• Chip and PIN• New approaches to security• Information security• General online security measures• ID verification• Two factor authentication• Cyber security management• Need to keep pace with change (both payment organisations and educating consumers)