The London Institute of Banking & Finance

Level 3: Certificate in Financial Studies (CeFS) 600 / 8537 / X

Unit 2 – Financial Capability for the Medium and Long Term (FCML) D / 504 / 8110

Examination Date: 19 June 2018

Session Code: S18622

Length of examination: 1 hour 45 minutes

Instructions for learners

1. Open this question paper when instructed to do so.
2. Answer **one** case study from a choice of two.
3. Spelling, punctuation and grammar (SPAG) will be assessed in **question 3** of case study 1 and in **question 3** of case study 2.
4. Use the examination answer sheets provided for your answers. Please do **not** note your answers in this booklet, as they will **not** be recorded.

Information for learners

1. Case study information and data will be provided. **No** other books, papers or aids may be used in this examination.
2. Silent non-programmable (including scientific) calculators are allowed. Programmable calculators are not allowed.
3. The figures and products featured were correct at the time of writing. Use the information and interest rates provided in the case studies for your answers. You are **not** expected to know the current interest rates of specific products and services, nor to have a detailed knowledge of changes to particular products and services.

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Case study 1 begins on page 3

Answer all questions from only one of the following two case studies.

Case study 1

Finley has heard that there are other ways to make preparations for medical bills and emergencies that do not require taking out an insurance policy. These include: opening a separate bank account as a contingency fund, free clinics and NHS funded walk-in clinics, and seeing if employers offer discounted or free insurance.

Case study questions

1 1 Analyse the alternatives to choosing medical insurance for Finley that would still protect her against medical bills and emergencies. (10 marks)

1 2 Analyse the advantages and disadvantages for Finley of using the internet if she decides to research private medical cover. (10 marks)

1 3 Discuss the three products in the product table and recommend, with reasons, the most appropriate solution for Finley, taking into account her circumstances. (15 marks + 5 SPAG)

Product table for question 1.3

	BUPA	AXA PPP healthcare	Aviva
Policy excess	£100	£250	£0
Treatment cover	• Parent accommodation in full • Out-patient therapies paid in full • Mental health cover limited to 28 days in-patient or day-patient	• Hospital charges in full • Surgeon fees in full • Anaesthetist fees in full • In-patient Diagnostic testing in full • No pre-existing conditions	• Hospital charges in full • Surgeon fees in full • Anaesthetist fees in full • No conditions that are pre-existing within 12 months of starting the policy
Diagnostic cover	• Specialist consultation fees in full • Diagnostic tests (x-rays, blood tests, etc) in full • Diagnostic scans (MRI, PET and CT) in full	• Specialist consultation fees in full • Diagnostic tests (x-rays, blood tests, etc) in full • Diagnostic scans (MRI, PET and CT) in full	• Specialist consultation fees in full • Diagnostic tests (x-rays, blood tests, etc) in full • Diagnostic scans (MRI, PET and CT) in full
Cancer cover	• All eligible cancer treatment is paid in full • Including radiotherapy and chemotherapy	• Radiotherapy/chemotherapy in full • Cancer treatment drugs paid in full – chemotherapy, radiotherapy, biological therapy, or other specified drugs	• Cancer treatment paid in full • Chemotherapy, radiotherapy, biological therapy, • Specified drugs
Additional benefits	None	None	Complementary therapies
Cost per month	£81	£87	£99

Non-case-study questions

3	1	Describe the advantages and disadvantages for the consumer of using the advice provided by charities and support organisations such as Citizens Advice.	(5 marks)

3	2	Identify five (and only five) elements of a financial health check that indicate a person's overall attitudes towards money.	(5 marks)

3	3	Describe the terms "joint demand" and "competitive demand", using an example for each term.	(5 marks)

3	4	Analyse to what extent the corporate social responsibility of providers goes further than required by law? Use examples to illustrate your answer.	(10 marks)

TOTAL: 65 marks

Case study 2 begins on page 7

Case study 2

Reese has decided that she doesn't want a packaged account and wants to get a card quickly so that she can start using it.

Case study questions

2	**1**	Discuss to what extent Reese's situation and current needs, wants and aspirations are typical for young people in the same life cycle stage. Use examples from the case study. (10 marks)
2	**2**	Describe what Reese will have to do to manage both her student debt and her credit card debt when she selects a credit card and starts using it. (10 marks)
2	**3**	Discuss the three products in the product table and recommend, with reasons, the most appropriate solution for Reese, taking into account her circumstances. (15 marks + 5 SPAG)

Product table for question 2.3

	Capital One Classic	M&S Reward	NatWest Reward
Balance transfer	Highest APR and has one-off 3% fee	0% balance transfers and no fees	Standard APR applies
New purchases	34.9%	18.9%	18.9% APR 23.7% APR representative
Rewards	No reward	M&S reward points collected, converted to vouchers to use in store.	1% rewards at specified retailers and supermarkets. 0.5% rewards in other retailers.
Comments	Must have had credit in the past. This is a credit builder card.	Not available to customer having an M&S credit card in previous 12 months.	£24 annual fee

Non-case-study questions

3	1	Describe the advantages and disadvantages for the consumer of using the advice provided by charities and support organisations such as Citizens Advice.	(5 marks)

3	2	Identify five (and only five) elements of a financial health check that indicate a person's overall attitudes towards money.	(5 marks)

3	3	Describe the terms "joint demand" and "competitive demand", using an example for each term.	(5 marks)

3	4	Analyse to what extent the corporate social responsibility of providers goes further than required by law? Use examples to illustrate your answer.	(10 marks)

TOTAL: 65 marks