

GOVERNMENT NOTICES

No. 456

SOUTH AFRICAN QUALIFICATIONS AUTHORITY

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SOUTH AFRICAN QUALIFICATIONS AUTHORITY (SAQA)

In accordance with regulation 24(c) of the National Standards Bodies Regulations of 28 March 1998, the Standards Generating Body (SGB) for

Banking and Micro Finance

Registered by Organising Field 03, Business, Commerce and Management, publishes the following qualification for public comment.

This notice contains the titles, fields, subfields, NQF levels, credits, and purpose of the qualification. The qualification can be accessed via the SAQA web-site at www.saqqa.org.za. Copies may also be obtained from the Directorate for Standards Setting and Development at the SAQA offices, **Hatfield Forum West, 1067 Arcadia Street, Hatfield, Pretoria.**

Comment on the qualification should reach SAQA at the address below and no **later than 15 June 2006**. All correspondence should be marked **Standards Setting – SGB for Banking and Micro Finance** and addressed to

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SOUTH AFRICAN QUALIFICATIONS AUTHORITY

QUALIFICATION:

National Certificate: Financial Markets and Instruments

SAQA QUAL ID	QUALIFICATION TITLE		
50481	National Certificate: Financial Markets and Instruments		
SGB NAME	ORGANISING FIELD ID	PROVIDER NAME	
SGB Banking and Micro Finance	3		
QUAL TYPE	ORGANISING FIELD DESCRIPTION	SUBFIELD	
National Certificate	Business, Commerce and Management Studies	Finance, Economics and Accounting	
ABET BAND	MINIMUM CREDITS	NQF LEVEL	QUALIFICATION CLASS
Undefined	120	Level 6	Regular-UnitStds Based

PURPOSE AND RATIONALE OF THE QUALIFICATION

Purpose:

Learners who achieve this qualification are able to understand and interpret information of financial markets and instruments. This allows individuals to enter the financial arena in a practical way. The aim is to provide access in this field to a vast range of individuals. Learners will be able to work effectively towards the field of specialised trading and investment funding transactions.

The purpose of this qualification is to contribute to the full personal development of each learner and the socio-economic development of the society at large particularly in the context of the financial markets and investments. It aims to provide a solution to historically limited access to the financial markets.

The achievement of this qualification enables the learner to utilise specialised financial instruments such as futures, options and other derivatives for trading, funding and investments. Investments could be in an individual capacity or in the corporate environment. It will enable the learner to understand and apply risk measures in the market.

The outcomes of this qualification are highly regarded by esteemed institutions in the financial markets who themselves make use of it to build capacity in their own employees.

The intention of the qualification is to:

- > Promote development of knowledge and skills that are required in the financial markets, which includes giving financial advice.
- > Enhance the learner's potential.
- > Enable learners to continue growing in the working environment and enhance to more senior positions.
- > Provide lifelong learning in the financial markets field with a recognised qualification.

The qualification intends to empower the learner to acquire knowledge, skills, attitudes and values required to operate ethically and responsibly as financial advisors, planners or intermediaries and to respond to the challenges of the economic environment and changing nature of the financial markets. It should add value to the qualifying learner in terms of enrichment of the person, status, licensing, and recognition

The qualification provides an opportunity to learn and apply academic skills in relation to the workplace and will allow for multi-skilling. The qualification is structured in such a way that it exposes learners to different kinds of investments with a view to enabling them to make an informed recommendation involving financial investments, funding requirements and economic interaction.

It is anticipated that the qualification will promote the notion of lifelong learning

Rationale:

Financial markets and instruments influence to a large extent most individuals in South Africa. It is thus important that a good understanding and knowledge be imparted as to how they work and what effect they have on a practical basis. The Qualification will meet the needs of learners in a variety of positions in the Financial Services Industry.

This qualification will also benefit the corporate environment as the lead participant in financial markets and instruments.

The qualification is intended for learners who:

- > Attained: 48533: "National Certificate: Banking Services Advice", **NQF Level 5** and wish to continue on a path of life-long learning specialising in Financial Markets.
- > Attained: 23973: "National Certificate: Financial Services: Wealth Management", **NQF Level 5** and wish to continue on a path of life-long learning specialising in Financial Markets.
- > Worked in the sub-sectors of the Financial Services industry for many years, but have no formal Qualifications in their area of specialisation.
- > Want to extend their range of skills and knowledge of the industry so that they can become knowledgeable workers in the industry.
- > Want to enrol on a learnership with the Bankseta.
- > Require a Level 6 Qualification for licensing purposes with the Financial Services Board (**FSB**).

The scope of the qualification will reach the following industries:

- > Financial services industry.
- > Banking.
- > Insurance.
- > Auditing and accounting.
- > Unit Trust industry.
- > **SMME's** in the financial services sector.

The qualification should also conceptualise the South African Financial Markets relating to worldwide trading and financial environments. The qualification is structured in a way that exposes learners to different kinds of investments with a view to enabling them to make an informed choice of a career path linked to Financial investments.

The qualification suits the following learners within the above-mentioned environments:

- > Financial Advisors.
- > Financial Administrators.
- > Portfolio Managers.
- > Financial Analysts.
- > **Compliance** officers.
- > Brokers and relationship managers in the banking environment.
- > Risk Assessors/Managers.
- > Treasurers.
- > Financial **Traders**.
- > Corporate financiers.
- > Structured financiers.

This is what this qualification aims to achieve which is in line with **current/proposed** legislation (for example the FAIS Bill) as well as requirements from regulatory bodies for example the Johannesburg Securities Exchange (**JSE**) and the Bond Exchange of South Africa.

The qualification allows an individual to work towards a nationally recognised Qualification. It is flexible enough to accommodate both learners in formal education and learners already employed in the Financial Services Industry. The Qualification at this level is a continuation of a career path that may have started in various sectors of the Financial Services industry. It is also generic enough to allow maximum mobility within the industry. Skills, knowledge, values and attributes reflected in the qualification are building blocks that will be developed further at Level 7.

RECOGNIZE PREVIOUS LEARNING?

Y

LEARNING ASSUMED TO BE IN PLACE

A combination of **competencies** obtained will serve as a learning base to progress into the level 6 qualifications.

It is assumed that learners are competent in the following:

- > Mathematical literacy at NQF level 5.
- > Communication literacy at **NQF level 4**.
- > Economic competency at **NQF level 5**.

Recognition of prior learning:

The qualification is specifically designed to accommodate a broad range of recognition of prior learning. This intention is reflected in the structure of the qualification and also in the rules for combination of credits towards the qualification. Generic Unit Standards are used on the NQF to ensure that there is portability and transparency between qualifications and a learner will be able to receive recognition of prior learning on the applicable Unit Standards based on the rules of combination.

An assessor has the right to assess any particular aspect of prior learning to ensure the designed outcomes in this qualification are achieved and relevant. This will ensure that up to date understanding of the financial markets and instruments is applied.

Recognition of prior learning may allow for accelerated access to further learning. Credits towards a Unit Standard are subject to quality assurance by **BANKSETA** or a relevant accredited ETQA and are conducted by an assessor.

In conclusion, the qualification may be achieved in whole or in part through the recognition of prior learning, which will include the learning outcomes achieved through formal and informal learning and through work experience.

Access to the qualification:

This qualification has open access. Access to the qualification will be based on work experience and/or relevant qualification and training in the financial services sector.

Learning disabilities will be taken into account (e.g. blind learners will be given equal opportunity to reach the Exit Level Outcomes).

QUALIFICATION RULES

After considering the industry requirements and skills shortages, it was agreed that there should be a **common** set of Unit Standards applicable to the financial markets and the financial services industry as a whole. This will allow articulation and portability of the qualification within the industry.

> Fundamental:

15 Credits have been assigned to Fundamentals. These unit standards are regarded as essential for anyone working in the Financial Markets field and therefore are compulsory.

> Core:

The Core learning component contains 78 credits from Unit Standards designated to focus on the areas of Financial Markets and Instruments. They provide an opportunity to develop knowledge through research and the application of knowledge and study skills. These unit standards are compulsory.

> Elective:

The Elective unit standards that may be selected in this qualification provide maximum flexibility and allow learners to achieve a Qualification that is relevant to the work they do and to their chosen career paths. It also provides the opportunity to specialise in a specific field. Learners are required to select Electives that add up to a minimum of **27** credits.

EXIT LEVEL OUTCOMES

After completion of this qualification, the learner will be competent to trade, invest and do funding operations, using specialised financial instruments by performing the following exit level outcomes and capabilities:

1. Evaluate the outcome of different investment decisions.
2. Evaluate the performance and results of a company and equity instruments.
3. Evaluate information of the debt market.
4. Identify trends and market movements.
5. Calculating cash flow implications of different instruments.
6. Manage risk in the financial markets.

The qualification will play a crucial role in promoting life-long learning.

Critical Cross-Field Outcomes:

The learner who acquires the qualification will be able to show the following critical cross-field outcomes:

- > Identify and solve problems in which responses display that responsible decisions using critical and creative thinking have been made.
- > Work effectively with others as a member of a team.
- > Organize and manage him/herself and his/her activities responsibly and effectively, collect, analyse, organize and critically evaluate performance.
- > Communicate effectively using mathematical and language skills.
- > Demonstrate an understanding of the world and as a set of operated systems by recognizing that problem-solving contexts do not exist in isolation.
- > Benefit by full personal development, thus contributing to the social and economic development of South African society at large.

ASSOCIATED ASSESSMENT CRITERIA

Assessors should use assessment tools to conduct assessments against the unit standards specified in the qualification.

1:

- > Current economic events that will impact the financial markets are analysed and a personal interpretation is expressed.
- > Information is gathered from a number of sources, analysed, interpreted and presented reliably and accurately.
- > Financial market data is evaluated and used to substantiate an argument and to interpret changing trends in the macro and micro-environments that impact on financial instruments.
- > Foreign exchange market information is evaluated and utilised in making financial decisions as applied to different local and international instruments.

2:

- > Equity market instruments are explained, evaluated and used in various investing strategies.
- > The nature and working of various equity instruments are assessed with reference to current instruments traded in the market.
- > Derivative instruments are evaluated and applied to equity instruments enhancing the investment and financing strategies.
- > Company results and media reports are interpreted and summarised from a range of sources and presented reliably and accurately.

3:

- > Debt market instruments are explained, evaluated and used in various investing and financing strategies.
- > The nature and working of various wholesale debt instruments are assessed with reference to current instruments traded in the market.
- > Derivative instruments are evaluated and applied to debt instruments enhancing the investment and financing strategies.

4:

- > Different types of trends are evaluated based on current economic and market conditions.
- > Interest rate information is gathered, analysed, interpreted, and summarised, from a range of sources and presented reliably and accurately.
- > Technical knowledge is applied to make an investment or financing decision based on current financial trends.

5:

- > Various financial instruments are analysed and evaluated based on their cash flow requirements and investment characteristics.
- > Investment strategies are explained and applied with reference to various cash flow management

techniques.

> Exchange requirements are explained and applied regarding cash flow procedures on different financial instruments.

6:

> The concept of financial risk is explained with reference to financial instruments, current economic trends and general risk management practices.

> International economic events and policies are evaluated to interpret local risk indicators on different financial instruments.

> Methods, techniques and procedures of risk management are applied with reference to specific economic policies, legislative requirements and industry practices.

integrated assessment:

In the assessment strategy as a whole, evidence must be established through a variety of options:

> **Case studies.**

> Problem-solving assignments.

> Simulated trading environment.

> Portfolio management contributing to strategic planning.

> Media interpretation relating to qualification outcomes.

> Written and oral testing.

> Reflective questioning.

Assessment tools used include:

> Written (e.g. tests/case studies/projects).

> Simulations.

> **Role-play/structured** classroom discussions.

> Portfolio of evidence.

> Technology based testing.

The assessment must integrate a number of different methods in order to give the assessor reliable and valid proof of competence and evidence of required attitudes.

Throughout the qualification use is made of both formative and summative assessment methods, to ensure integrated assessment results.

The final integrated assessment needs to have the following characteristics:

> Research is done on an ongoing basis to keep up to date with changes in the financial markets and to keep in touch with the needs of individuals and the industry at large.

> A **portfolio** of all the training material used is kept and reviewed on a regular basis.

> The learners will be accountable for self-evaluation exercises at the end of each module for the duration of the learning programme.

> The assessor should use a continuous assessment method. This mechanism ensures that learning did take place and knowledge was imparted in the previous module. Evaluation is done through short tests, activities and assignments.

> After the completion of the training programme, the learners have to participate in a summative assessment before being awarded the qualification.

It should measure applied competence. It should thus assess whether learners are able to integrate the ability to perform important financial actions (a practical competence), understand the theoretical basis for these actions (foundational competence), and reflect on and make changes to financial and investment practices (reflective competence).

INTERNATIONAL COMPARABILITY

The demands on worldwide financial markets are influencing the local market. South Africa has seen various foreign direct investments into the country and local markets have spread to international markets. An example of this is where the local equities market system was merged with the London Stock Exchange system. Various local companies are listed on international bourses (New York Stock Exchange, London Stock Exchange, etc.). The South African market is also linked to the international financial market in areas such as debt (i.e. government raises capital by issuing instruments on the international markets) and foreign exchange.

The leading countries in the financial market are the United Kingdom (London) and the United States of America (New York).

International comparability of unit standards and qualifications was essential to ensure that South Africa incorporates global standards and events. The Qualification compares and correlates with known and accepted international qualifications and programmes. Outcomes of this qualification benchmark with similar international entities and programmes such as:

1. Chartered Financial Analyst Institute (CFA):

> About the Entity and Programme:

The CFA Institute is a global organisation that awards the CFA designation (Chartered Financial Analyst). The institute is responsible for education and professionalism in the industry since 1925. The organisation is made up of more than 70 000 individuals from a worldwide base. The Institute follows the **Global Investment Performance Standards**, which guides the industry.

> Comparability:

Several of the CFA programmes relate to the qualification. The following programmes were reviewed and compared:

> Economics: Focus areas include macroeconomic analysis, money and the banking system, inflation, monetary and fiscal policies, financial environment and foreign exchange. These compare favourably with trends and market movements, investment decisions and equity market and instruments in the qualification.

> Analyse Equity Investments include functioning of the securities market, indices, security valuations, industry analysis and equity concepts. These compare favourably with equity instruments and company results in the qualification.

> Financial Statement Analysis: Focus areas include structure of financial statements, income vs. assets, cash flow statements, analysing cash flows, earning per share, inventory review and other working capital. This compares with company results and equity instruments.

> Fixed Income Investments: Debt securities, risk associated with bonds, sector reviews, yield spreads, valuations and cash flow considerations are included. This compares with the debt market, cash flow implications, different investment decisions and risk in the qualification.

> Derivative investments: Derivative market review, forward and future contracts, options, swaps and risk management application of option strategies are included. This compares with the different investment decisions, equity and debt markets and managing risk in the financial markets.

> Portfolio Management addresses asset allocation, portfolio management and pricing models. This compares with different investment decisions and market movements.

2. ACI Financial Markets Association:

> About the Entity and Programme:

ACI consists of over 15 000 members in 78 countries. They are based in Europe and provide a portfolio of examinations aimed at dealers in the financial markets and personnel supporting the trading function in banks and financial institutions globally. They run a programme called the **ACI Dealing Certificate**, which is a prerequisite in some countries before a dealer, may trade.

> Comparability:

The ACI syllabus includes: Interest rate evaluation, Money Market instruments and derivatives relating thereto, the Foreign Exchange markets and swaps, settlement procedures and the risk environment. These areas relate to trends and market movements, risk, investment decisions and the cash flow of different instruments. It also directly compares with the debt market.

3. Global Assessment of Risk Professionals (GARP):

> About the Entity and Programme:

GARP is a not-for-profit association consisting of 51 430 individuals around the world (over 100 countries)

who are involved in financial risk management. Areas they address include banks, asset management firms, insurance companies, central banks, securities regulators and hedge funds.

Their Certification Examination (FRM) programme has increasing recognition of the global risk management community. GARP review and publish trends, strategies and best practices affecting financial risk management.

> Comparability:

The **GARP** qualifications mainly address and compare with the risk element of the qualification. Their programmes include Market risk measurement and management, Credit risk and Operational risk. The following fields are addressed: derivatives, fixed income securities, interest rates, cash-flow at risk, bond pricing, credit ratings, credit spreads, portfolio credit risk, liquidity risk and hedging.

These focus areas relate to the qualification in managing risk in the financial markets, evaluate the debt market and evaluating different investment decisions.

4: New York Institute of Finance (NYIF):

> About the Entity and Programme:

Over the past 80 years the NYIF presented programmes to assist financial services companies and multinational corporations. They have trained over 600 000 business professionals worldwide. The group includes the Financial Times and other known financial intellectual capital entities.

They adhere to the National Association of State Boards of Accountancy (**NASBA**) for continual education.

> Comparability:

The relating programmes include the International Capital Markets, which addresses different types of instruments, value measurement of the debt market and foreign exchange. Other programmes (Global Markets, Practical Economics and Fund selection) include emerging market and other world market reviews, inflation, debt, foreign exchange, Unit Trusts, asset allocation and indexing.

These programmes compare to the cash flow implications of different instruments, debt markets and different investment decisions in the qualification. It also looks at different trends and market movements.

5. Chartered Institute of Management Accounts (CIMA):

> About the Entity and Programme:

CIMA is a leading global membership body that offers an internationally recognised professional qualification in management accountancy. CIMA has over 65 000 members in 156 countries. CIMA qualification is based on three pillars, namely Business Management, Financial Management and Management Accounting. The last two pillars mentioned overlap with this qualification as compared below.

> Comparability;

The CIMA qualifications relate in the following manner:

> Financial Management Pillar: Financial Statement analysis, measurement of income and capital, control and measurement performance.

> Management Accounting Pillar: Risk and internal control and management of financial risk.

This compares with the qualification in managing risk in the financial markets by using different instruments and techniques. It also relates to the evaluation of company performances.

African and SADC Countries:

Different programmes that are used in the **SADC** and other African countries were reviewed:

1. Macroeconomic and Financial Management Institute of Eastern and Southern Africa (Mefmi):

> About the Entity and Programme:

Mefmi is a regionally owned institute with 13 member countries in Southern and Eastern Africa. Their mission and focus is to build sustainable capacity in Central Banks, Ministries of Finance and Planning Commissions. They are guided and quality assured by the member countries in the region.

> Comparability:

Their relating programmes include: Debt management, Macroeconomic management and Financial sector management. The outcomes of these programmes include portfolio analysis, recording systems, economic modelling, monetary policy formulation, time, value of money, foreign exchange and internal controls.

These programmes compare well with the qualification applying the financial markets in an African context, It strongly addresses areas such as the debt market and managing risk in the financial markets.

2. South African Reserve Bank College:

> About the Entity and Programme:

The college was established to upgrade the central banking skills of individuals to the highest level to support the mission of the Bank and that of other central banks in the SADC region by offering a variety of training opportunities itself or in conjunction with other training institutions.

> Comparability:

> Financial Market Analysis: This programme is run in conjunction with the IMF Institute addressing areas such as the role of financial markets, financial instruments, money market instruments, bonds and equity pricing. SARB College also has a Derivatives programme,

These programmes compare favourably with the qualification in that it addresses risk management in the financial markets and assists evaluation of different investment decisions.

Conclusion:

In selecting the unit standards a comparison between the South African and international markets was done. This is an essential link between the global economy and the local market indicating the sensitivity of the market interactions. The qualification compares well with leading international programmes and qualifications.

This qualification will give the learner a competitive ability in the international financial markets and instruments environment

ARTICULATION OPTIONS

The qualification articulates the needs in the following industries/fields:

- > Banking.
- > Insurance.
- > Financial Planning.
- > Auditing and Accounting.
- > Unit Trusts and other Collective Investment Schemes.
- > Financial market traders.

This qualification will also assist and enhance similar qualifications in the financial markets and instruments arena. The qualification builds on a range of outcomes in various sub-sectors and will provide articulation with a range of qualifications.

Horizontal Articulation:

- > 48965: "Certificate: Municipal Financial Management", NQF Level 6.
- > 36437: "National Certificate: Local Economic Development", NQF Level 6.

Vertical Articulation:

- > Successful learners should be able to access Qualifications at NQF Level 7 such as the MBA, Financial Management and Planning and Commerce Programmes.

MODERATION OPTIONS

Internal and external moderation of learner achievement is essential to meet requirements of transparency, affordability, fairness, reliability and validity.

The moderation process will support the professional and educational development needs in the financial markets sector. Moderation of the qualification will occur through the process of moderation established for individual unit standards.

The following will be included in the moderation:

- > Assessors must be registered as an Assessor with the relevant ETQA.
- > Moderators must be registered as Assessors with the relevant ETQA.
- > Training providers must be accredited by the relevant ETQA.
- > It is recommended that the relevant ETQA will co-ordinate all moderation activities in accordance with their policies and procedures.
- > Moderation should be included at exit points of the qualification.
- > Moderation should also encompass achievement of the competence described both in individual unit standards as well as the integrated competence described in the qualification.

CRITERIA FOR THE REGISTRATION OF ASSESSORS

For an applicant to register as an assessor, the applicant needs:

- > A minimum of 1 (one) year's practical, relevant occupational experience.
- > Declared competent in all the outcomes of the National Assessor Unit Standards as stipulated by SAQA.
- > Detailed documentary proof of educational qualification, practical training undergone, and experience gained by the applicant must be provided.

NOTES

N/A

UNIT STANDARDS

(Note: A blank space after this line means that the qualification is not based on Unit Standards.)

	UNIT STANDARD ID AND TITLE	LEVEL	CREDITS	STATUS
Core	14517 Apply basic economic principles to the financial services sector	Level 5	5	Registered
Core	117821 Enhance work practices within a treasury by the application of market knowledge in a banking environment	Level 5	15	Registered
Core	12883 Evaluate companies based on their financial statements	Level 6	15	Registered
Core	12887 Demonstrate an understanding of the functioning of the international financial markets within the South African context	Level 6	18	Registered
Core	12896 Analyse and evaluate the financial markets	Level 7	15	Registered
Core	117820 Identify the risk implications of trading associated within a treasury in a banking environment	Level 7	10	Registered
Elective	7347 Structure a financial solution to meet a business banking need	Level 5	16	Reregistered
Elective	7350 Structure a banking-related solution to meet a financial need involving foreign exchange	Level 5	20	Reregistered
Elective	12881 Complete and submit reports within the financial markets sector as required by legislation and by company policy	Level 5	7	Registered
Elective	13401 Demonstrate an understanding of the core concepts underlying private equity transactions	Level 5	7	Registered
Elective	13402 Demonstrate an understanding of the core concepts of corporate finance	Level 5	7	Registered
Elective	14524 Demonstrate and apply knowledge and insight into property as an investment	Level 5	3	Registered
Elective	117773 Explain the structure and mechanics of Financial Markets	Level 5	28	Registered
Elective	117806 Manage risk within a forex trading environment	Level 5	18	Registered
Elective	12886 Operate within the ethical, professional and legal limits of the South African and international legislation and codes of practice regulating the financial markets	Level 6	20	Registered
Elective	12889 Demonstrate an understanding of the settlements processes applicable to the financial markets	Level 6	15	Registered
Elective	12890 Operate within the rules and directives of the financial markets exchanges	Level 6	12	Registered
Elective	12895 Offer equitable deals to clients based on up-to-date knowledge of the structure, functioning and status of the relevant financial market	Level 6	15	Registered
Elective	12892 Demonstrate an understanding of the use of micro- and macro-economic indicators as forecasting and planning tools within the financial markets	Level 7	18	Registered
Elective	12893 Identify and control risk within the financial markets	Level 7	15	Registered

Fundamental	12882 Perform mathematical and statistical calculations relevant to the financial markets	Level 6	15	Registered
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