

LIBF

LIBF Level 3

Certificate in Principals of Payments
(CertPAY)

Qualification specification



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Purpose of the qualification

Why study the LIBF Level 3 Certificate in Principles of Payments (CertPAY)?

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 and key content areas

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.

Throughout the programme, you will understand the:

- 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.

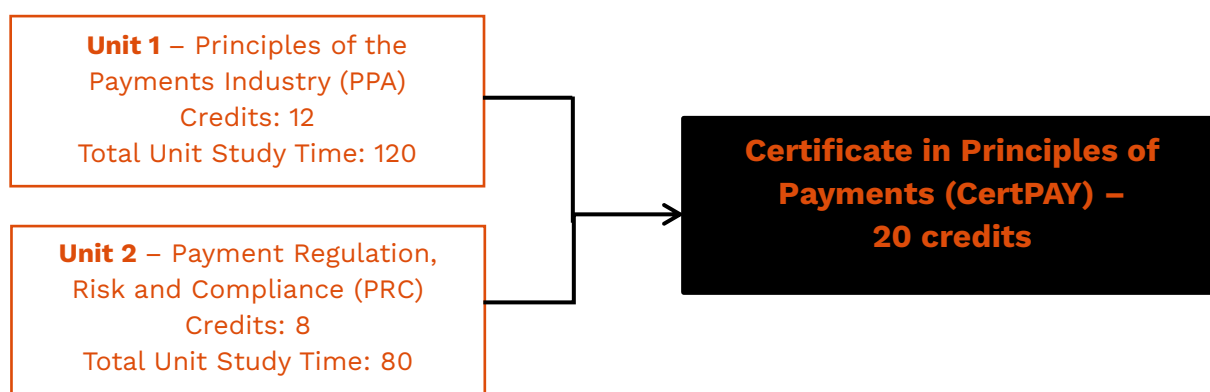
Key skills developed

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.

Structure

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



Qualification delivery

Total Qualification Time (TQT)

Total Qualification Time (TQT) is a prediction of the total time a student with no prior knowledge might need to complete the course.

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

- Guided Learning (GL) comprises study time under direct teacher supervision, encompassing instructional sessions and supervised examinations.

- 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 self-directed study qualification with planned examination sessions.

Guided Learning Hours	1 hours
Other hours	199 hours
Total Qualification Time	200 hours

Assessment

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

- Unit 1: 35 stand-alone multiple-choice questions (total marks 35); and
- 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.

Preparing for the assessment

Examinations are sat electronically at any one of the Pearson VUE test venues worldwide or via Remote Invigilation in permitted locations where you can sit your assessment remotely. You must be registered to sit an examination at a test venue of your choosing (subject to demand/availability); this is managed by you. It is recommended that you book your exam three weeks in advance of the date you wish to sit. However, subject to availability, an examination can be booked as little as two working days in advance. Examinations can be booked via the Pearson VUE website or by phone. Please visit the Pearson VUE website for further information.

To prepare for the assessment you should make use of all learning resources as part of your revision for the exam.

Qualification grading

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

Grade	Pass Mark (%)
Pass	70%

Feedback is provided via analysis sheets available on [MyLIBF](#), to see your strengths and areas to develop.

Resit attempts

The qualification has a twelve-month registration period. There are no restrictions on the number of times you can resit a unit in which you were unsuccessful, however, you must resit the unit in accordance with the published policies of LIBF.

Additional information

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

We recognise prior learning in different forms. 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 our [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.

Preparation for employment

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.

Appendices

Appendix 1 – 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.

Assessment methodology

The assessment of Unit 1 will have one component:

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 and indicative content

Learning outcome (LO) The learner when awarded credit for this unit will:	Assessment criteria (AC) Assessment of the LOs will require a learner to demonstrate that they can:	Indicative content
1. Understand the component parts of payments	1.1 Identify the key features of payments.	<ul style="list-style-type: none"> • The evolution of payments • Payments supporting business – receiving payment for goods and services, paying salaries and dividends • Payments as a building block of cash management • Receipt of a payment • How money moves ie payment systems
	1.2 Distinguish between different types of payment and explain the payment process.	<ul style="list-style-type: none"> • Types of payment, definitions, and global terminology • High-value payments (ie RTGS, CHAPS, Fedwire, Wire Transfer, Tested Telex) • Low-value payments (ie ACH, iACH, BACS, Faster Payments, Direct Debit) • Instant payments • Cross border, SWIFT, international wire transfer, FX Payment • Book transfer • Card payments (debit, credit, prepaid) • Paper (ie cheque, banker's draft) • Cash • Settlement and irrevocability: <ul style="list-style-type: none"> ○ When value is received

		<ul style="list-style-type: none"> • Mobile payments: <ul style="list-style-type: none"> ○ Instant payments via telecommunications networks ○ Mobile wallets utilising cards (or Card applications utilising mobile devices) ○ Mobile money facilitated by telecommunications networks ○ Digital currencies - private cryptocurrencies; stablecoins; CBDCs
	<p>1.3 Identify the parties to payments, distinguish between charging conventions and explain straight-through processing.</p>	<ul style="list-style-type: none"> • Parties to a payment: <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
	<p>1.4 Identify different approaches to ensure customers receive value and the importance of providing appropriate advice.</p>	<ul style="list-style-type: none"> • Ensuring value for customers by understanding cost, time and risk • Providing appropriate guidance
<p>2. Understand the economic value and systemic importance of payments</p>	<p>2.1 Identify how trade can be facilitated and identify the impacts of late payments.</p>	<ul style="list-style-type: none"> • Enablement for business / government • Impact of late payments: <ul style="list-style-type: none"> ○ Trade ○ Individuals

	2.2 Identify different ways that payments are reported.	<ul style="list-style-type: none"> • Information reporting: <ul style="list-style-type: none"> ○ Data flows ○ Reconciliation ○ Management information ○ Creation of efficiencies: forecasting, analysis of spending, days sales outstanding, days payables outstanding
	2.3 Identify concepts of liquidity management and reasons why liquidity management is important.	<ul style="list-style-type: none"> • Liquidity management: <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 ○ Payments-on-behalf-of (POBO) and Receivables-on-behalf-of (ROBO)
	2.4 Identify the impact of business continuity and external economic factors on the payments industry.	<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 • Operational resilience
	2.5 Identify different trends in the foreign exchange market and the impact on business.	<ul style="list-style-type: none"> • Currency fluctuations: <ul style="list-style-type: none"> ○ Fixed exchange rate ○ Floating exchange rate ○ Forecasting ○ Returned payments
	2.6 Identify the socio-economic and international features of the payments industry.	<ul style="list-style-type: none"> • Variation in sophistication of markets: <ul style="list-style-type: none"> ○ National and international challenges of financial education and financial inclusion)
3. Understand the infrastructure of payments	3.1 Identify the key features of the payments industry.	<ul style="list-style-type: none"> • Market developments: <ul style="list-style-type: none"> ○ industry standards ○ technology advances

		<ul style="list-style-type: none"> ○ changing client (any ‘user’ of the payment) needs ● Competitive landscape: <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
	<p>3.2 Identify the key operations within the payment industry.</p>	<ul style="list-style-type: none"> ● Operations: <ul style="list-style-type: none"> ○ Ensuring timely and efficient payment processing ○ 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

	<p>3.3 Identify main channels, methods of connectivity and infrastructure and the digital transformation of payments.</p>	<ul style="list-style-type: none">• Channels and connectivity<ul style="list-style-type: none">○ Online and mobile banking○ Mobile applications, wallets and peer-to-peer payments○ Traditional channels: branch banking, ATMs and telephone banking○ proprietary electronic banking platforms○ host-to-host○ SWIFT gpi○ Payment Networks: RTGS / ACH / Visa / MasterCard / SWIFT○ Digital transformation (Fintech)○ How do countries organise payments eg trade bodies, operators, regulators• Technology and infrastructure:<ul style="list-style-type: none">○ centralised v distributed; competitively provided or participant-owned○ Creating business and technology architecture (interfaces and challenges)○ Bodies within the payments framework (UK, eurozone and other key financial centres), eg NACHA, the Australian Payments Network (AUS), Payments Canada, EPC, Euro Retail Payments Board (europa.eu), Target 2○ Platform business models○ Infrastructure transformation• New business models under Open Banking and Payment Services Directive (EU) /Payment Services Regulations (UK)<ul style="list-style-type: none">○ Emergence and role of enhanced data○ Role of blockchain and DLT in payments○ New forms of money and their implications
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	<p>3.4 Identify the technical standards used within the payments industry and various standardisation initiatives.</p>	<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
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Appendix 2 – 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.

Assessment methodology

The assessment of Unit 2 will have one component:

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 and indicative content

Learning outcome (LO) The learner when awarded credit for this unit will:	Assessment criteria (AC) Assessment of the LOs will require a learner to demonstrate that they can:	Indicative content
1. Understand payment regulation and compliance	1.1 Identify and interpret the legal and regulatory payments framework.	<ul style="list-style-type: none"> • The payment industry ecosystem (i.e. regulators, central banks, trade bodies) • Legal and regulatory payment framework – UK (CMA, Bank of England, PRA, FCA and PSR) / international (Federal Reserve, central banks generally and EU bodies); role of key players • Key payments ‘legislation’ – Payment Services Directive (EU) /Payment Services Regulations (UK) <ul style="list-style-type: none"> ○ SEPA and Dodd–Frank ○ Card regulation
	1.2 Identify and interpret central bank requirements and payment regulations.	<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)
	1.3 Identify and interpret the operational standards and directives compliance within the payments industry.	<ul style="list-style-type: none"> • Compliance requirements for payment service providers and best practice
	1.4 Identify and interpret different types of financial crime within the context of the payments industry.	<ul style="list-style-type: none"> • Financial crime: <ul style="list-style-type: none"> ○ What it is and types ○ Terrorism ○ Global standards (FATF) ○ Fraud ○ Anti-money-laundering regulations / Europe ○ Prevention measures (CDD / EDD / SARS) ○ Detriments in payments and financial crime

	1.5 Identify and interpret the impact of sanctions on the payments industry.	<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
	1.6 Identify and interpret principles and policies within the payments industry.	<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)
2. Understand risk and security associated with the payments industry	2.1 Identify and interpret data protection principles within the context of the payments industry.	<ul style="list-style-type: none"> • Data protection and third-party relations • Data processing outsourcing, cyber and data theft issues) • Legal and regulatory framework – awareness and practicalities
	2.2 Identify and interpret types of risk in relation to payments.	<ul style="list-style-type: none"> • Types of risk (i.e. political, operational, settlement, currency, conduct, credit and economic) • Cyber risk and system security (trust that payments will be secure, maintaining system integrity against growing/changing threat landscape the integrity of the system / key features) • Systemic risk to the payments industry
	2.3 Identify and interpret different types of risk prevention and mitigation within the context of the payments industry.	<ul style="list-style-type: none"> • Risk prevention and mitigation • Three lines of defence • Risk / business impact assessments (KPIs) • Risk matrix taking into account probability and impact
	2.4 Identify and interpret different strategies to manage payment incidents.	<ul style="list-style-type: none"> • Managing payment incidents – how to manage / mitigate risk of payment breaches • Reporting and monitoring • Escalation notification and management • When a payment goes wrong • Role of affected parties (ie payee / payer / PSP / system

		<p>operator)</p> <ul style="list-style-type: none"> • Risk event checklist
	<p>2.5 Identify and interpret different forms of system security within the context of the payments industry.</p>	<ul style="list-style-type: none"> • Security: <ul style="list-style-type: none"> ○ Chip and PIN ○ New approaches to security ○ Information security ○ General online security measures ○ ID verification ○ Multi-factor authentication ○ Cyber security management ○ Need to keep pace with change (both payment organisations and educating consumers)