


BTEC LEVEL 3 NATIONAL IN BUSINESS

UNIT 3 — PERSONAL AND BUSINESS FINANCE FLASHCARDS

KEY THEMES INCLUDE

**METHODS OF PAYMENT, TYPES OF BORROWING,
FINANCIAL INSTITUTIONS, BREAK-EVEN ANALYSIS,
CASH FLOW FORECASTS, FINANCIAL STATEMENTS**



**THESE FLASHCARDS HAVE BEEN DESIGNED
TO SUPPORT REVISION FOR THE EXTERNALLY
ASSESSED UNIT 3 EXAMINATION.**

THE CARDS ARE SPLIT INTO EASILY IDENTIFIABLE CATEGORIES
TO COVER ALL KEY ASPECTS OF THE SPECIFICATION FOR BOTH
PERSONAL AND BUSINESS FINANCE AND INCLUDE THE
FOLLOWING THEMES:

**METHODS OF PAYMENT, TYPES OF SAVING,
PROVIDERS OF FINANCIAL INFORMATION AND
GUIDANCE, BREAK-EVEN, FINANCIAL STATEMENTS
AND RATIO ANALYSIS.**

EACH CARD CONTAINS A KEY TERM, CONCEPT OR FORMULA
WITH EASY TO FOLLOW, CONCISE DEFINITIONS AND ADDITIONAL
DEVELOPMENT POINTS READY FOR THE EXAMINATION.

METHODS OF PAYMENT

BANKERS AUTOMATED CLEARING SERVICE (BACS) FASTER PAYMENT

Give 2 advantages
of using BACS as a
method of payment

Give 2 disadvantages
of using BACS as a
method of payment

A SYSTEM THAT ALLOWS THE TRANSFER OF PAYMENTS DIRECTLY FROM ONE BANK ACCOUNT TO ANOTHER IN 3 WORKING DAYS (UNLESS FASTER PAYMENT IS AVAILABLE)

ADVANTAGES:

- **Faster payment allows almost instant transfers that are guaranteed within two hours**
- **No additional costs**

DISADVANTAGES:

- **A limit is set on the amount that can be transferred in a single transaction**
- **Faster payment is not offered by all banks and branches and therefore BACS may have to be used which takes three days to clear**

TYPES OF BORROWING

PAYDAY LOANS

Give 2 advantages of using payday loans as a method of borrowing

Give 2 disadvantages of using payday loans as a method of borrowing



A SHORT-TERM SOURCE OF FINANCE THAT CAN HELP TO BRIDGE THE GAP BETWEEN THE PRESENT MOMENT IN TIME AND RECEIVING A WAGE

ADVANTAGES:

- **A fast source of cash in a financial emergency**
- **Do not require a credit report and therefore eligibility for this type of loan is likely to be guaranteed**

DISADVANTAGES:

- **The loan is for a short period only**
- **Involve both fees and high interest payments – the charges are significantly higher than with a standard bank loan**

Think: Evaluation Point!

Judgement: What level of risk is associated with this type of borrowing?

METHODS OF COMMUNICATION WITH CUSTOMERS

TELEPHONE BANKING

Give 2 advantages of telephone banking as a method of communication

Give 2 disadvantages of telephone banking as a method of communication



THE USE OF A TELEPHONE TO CARRY OUT BANKING TRANSACTIONS WHICH MAY USE EITHER AN AUTOMATED SERVICE OR REQUIRE A CUSTOMER ADVISOR

ADVANTAGES:

- **Convenient to access basic functions e.g. checking an account balance**
- **No additional charges**

DISADVANTAGES:

- **Call centre and automated telephone systems can cause customer frustration**
- **Full access to services may be limited to certain hours**