

# Chartered Banker

Leading financial professionalism

## FINANCIAL CRIME

### Assignment

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Charitable Body: The Chartered Institute of Bankers in Scotland (CIOBS) – Reg No.: SC013927



## Important Assignment Information

### ASSIGNMENT LENGTH

For assignments submitted on or after **1st September 2008**, there is a **maximum** word count of **2,500 words**.

From that date, if you fail to adhere to the maximum word count, a deduction will be made to your final assignment mark. Specifically, if you exceed the 2,500 limit, you will be deducted **1%** for every **100 words** or **part of 100 words** over the limit.

For example, if you write a total of **2,614** words, a **2%** deduction will be made to your mark. For clarification, the word count includes all references and attached appendices.

### PASS COMPENSATION AWARD

In recognition of the importance attached to the assignments, an award of **Pass Compensation** will be made to you if you score between 45% and 54% in the final exam and if you complete the required assignment(s) under the following conditions:

1. The assignment mark must be 60% or above – where two assignments are required, then the average mark must be 60% or above **and**
2. Assignments must be in the hands of the Tutor **at least** one month prior to the **chosen examination date for each subject**.

For example, if you enrol to sit a **full** credit subject examination on **15<sup>th</sup> December**, you must have sent **both** assignments to your tutor by **15<sup>th</sup> November**.

Similarly, if you enrol to sit a **half** credit subject examination on **2<sup>nd</sup> March**, you must have sent the **sole** assignment to the tutor by **2<sup>nd</sup> February**.

Please also note the following:

- (a) Where an assignment is marked at less than 60%, this may show up as **'Fail'** in the web-based student record – this is purely with reference to the Pass Compensation award and does not necessarily mean it is a sub-standard submission
- (b) You are **not** permitted to **re-submit** an assignment in order to gain a higher mark
- (c) In the event that you fail an exam and have not completed the required assignment(s), you can subsequently complete the required assignment(s) – these will then count towards any re-sit examination undertaken. Submission dates for these assignments must comply with the relevant timescales as stated in **2** above.

## Question 1

JKL Limited is a large private company that sells clothing and fashion accessories principally through its chain of shops. The outlets are located on the main streets and in shopping centres in major towns and cities. In recent years the company has complemented its chain of shops with a mail order business, run mainly through catalogues.

The board of directors is aware that an increasing number of shoppers are making their purchases on the internet and has decided to adopt internet distribution as an integral feature of its future marketing strategy. However, few of the directors have competence in IT/IS so they will be reliant on you, the newly recruited head of IT/IS, to guide them.

### Required:

- (a) Produce a briefing note to the board of directors setting out the risks of financial crime that will arise specifically in relation to offering products on the internet. Your note should include a brief explanation of the principal methods through which criminals may attempt to perpetrate their crimes and a comment on the actions that the company must take to mitigate such risks.

**(20 marks)**

- (b) Produce a set of best practice guidelines for customers using the internet shopping facility to be offered by JKL Limited. The purpose of the guidelines should be to enable customers to minimise risks that may arise from criminal activity.

**(20 marks)**

**(TOTAL MARKS – 40)**

## Question 2

- (a) Explain what is meant by ‘insider dealing’ and examine the view often stated by city commentators that it is a victimless crime.

**(10 marks)**

- (b) Explain the nature of market abuse. Give examples of how market abuse is committed and comment on the effects of market abuse on markets and the community at large.

**(10 marks)**

**(TOTAL MARKS – 20)**

### **Question 3**

- (a) Explain the duties imposed by the rules of the Financial Services Authority in relation to the necessity for proper systems of control in an organisation.

**(10 marks)**

- (b) Discuss the respective responsibilities of senior management, functional managers, the internal audit function and the external auditors in ensuring that control systems are adequate to minimise the impact of financial crime.

**(10 marks)**

**(TOTAL MARKS – 20)**

**TOTAL ASSIGNMENT MARKS – 80**