

MODULE SPECIFICATION

Title:	Offshore Banking Practice
Credit Value:	SCQF Level 8 / EQF Level 5 SCQF Credit Points 10
Aim:	To provide knowledge and understanding of offshore practice in the banking industry and develop the practitioner's skills and ability to analyse information, apply principles and make professional judgements and informed decisions.
Access Statement:	It is recommended that students should have previously studied at SCQF Level 7 / EQF Level 4 or above, or have relevant practical experience in banking or financial services.
Programmes of study to which unit contributes:	<ul style="list-style-type: none">• Certificate in Offshore Practice• Associate Chartered Banker• Chartered Banker
Learning Outcomes:	Knowledge, Understanding and Skills On completion of this module, students should be able to: <ol style="list-style-type: none">1. Describe the offshore banking market and the key regulatory principles that affect offshore banking activities2. Explain the importance of International Financial Markets and the significance of these to offshore banking institution and their customers3. Describe the range of products and services offered by offshore banks4. Explain in detail the tax treatment of offshore accounts5. Explain the principles of creating and administering trusts offshore6. Analyse the operations of a range of offshore centres.
Method of Delivery:	Distance learning.
Assessment:	<i>A restricted response examination consisting of 100 questions undertaken in closed book examination conditions. Candidates must score 60% to be awarded a pass.</i>

Learning Outcomes, Assessment Criteria and Content

Learning Outcomes	Assessment Criteria	Content
Regulation		
Describe the offshore banking market and the key regulatory principles that affect offshore banking activities	<p>Explain what is meant by offshore banking and how it developed</p> <p>Analyse the factors that have led to the expansion of the offshore banking marketplace.</p> <p>Explain why offshore banking is attractive to certain customers.</p> <p>Describe the types of institution that are active in the offshore banking market.</p> <p>Explain why it is necessary to regulate offshore banking activities.</p> <p>Describe the key regulatory factors that affect offshore banking practice.</p> <p>Describe the difficulties experienced by national and supranational regulatory bodies in attempting to regulate offshore banking activities.</p> <p>Explain why banks have to be properly incorporated and licensed.</p> <p>List the principles underpinning capital adequacy and describe the main features of the systems developed by the Bank for International Settlements.</p> <p>Explain the role of the Organisation for Economic Cooperation and Development in seeking to regulate offshore banking.</p> <p>Define money laundering and terrorist financing, and understand how these crimes are perpetrated.</p>	<p>Development of offshore banking</p> <p>Expansion of offshore banking</p> <p>Rationale for offshore banking activities</p> <p>Types of offshore institutions and markets</p> <p>The need for regulation</p> <p>Incorporation and licencing</p> <p>Capital adequacy</p> <p>Money laundering</p> <p>Risks associated with specific types of financial service</p> <p>Organisation for Economic Cooperation and Development (OECD)</p> <p>Financial Action Task Force (FATF)</p> <p>Other relevant bodies</p>

	<p>Explain the steps typically taken by offshore banks to reduce the risks of money laundering and terrorist financing.</p> <p>Explain the purposes and functions of the Financial Action TaskForce.</p> <p>Explain what is meant by “tax evasion” and “tax avoidance”, and distinguish between the meanings of these terms.</p>	<p>International cooperation on taxation</p> <p>UK Independent Report on Offshore Centres</p>
International Financial Markets		
<p>Explain the importance of International Financial Markets and the significance of these to offshore banking institution and their customers</p>	<p>Define a financial market.</p> <p>Describe the key features of money markets.</p> <p>Explain the relevance of money markets to offshore banks and their customers</p> <p>Describe the key features of foreign exchange markets.</p> <p>Describe the key features of the capital markets.</p> <p>Explain the significance of financial markets to offshore banking institutions and their customers.</p>	<p>Money markets</p> <p>Foreign exchange market</p> <p>Relevance of foreign exchange markets to offshore banks and their customers</p> <p>Eurocurrency market</p> <p>Capital markets</p> <p>Relevance of capital markets to offshore banks and their customers</p> <p>Eurobond markets</p> <p>Offshore interbank market and other developments</p>
Products and Services		
<p>Describe the range of products and services offered by offshore banks</p>	<p>Describe the main features of savings and investment products and services offered by offshore banks.</p> <p>Explain the main features of lending products and services offered by</p>	<p>Savings and investments – general characteristics</p> <p>Currency accounts</p>

	<p>offshore banks.</p> <p>Explain the main features of insurance products and services offered by offshore banks.</p> <p>Explain the purposes and activities of captive companies.</p> <p>Explain how private banking differs from other types of banking</p> <p>Describe the market segments and typical profiles of customers who utilise the private banking services of offshore banks.</p> <p>Explain the range of products and services offered to private banking customers of offshore banks.</p> <p>Explain what is meant by investment portfolio management</p>	<p>Savings and investment accounts</p> <p>Lending products</p> <p>Card products</p> <p>Insurance products</p> <p>Corporate services</p> <p>Captive insurance companies</p> <p>Private banking customers</p> <p>Where does offshore banking fit in?</p> <p>Private banking products and services</p> <p>Investment portfolio management</p>
Taxation		
<p>Explain in detail the tax treatment of offshore accounts</p>	<p>Explain the significance of residential status for offshore banking customers in determining their personal tax liabilities.</p> <p>Differentiate between the terms 'resident', ordinarily resident' and 'domicile' within the context of personal taxation.</p> <p>Describe how offshore accounts are treated for personal taxation purposes.</p> <p>Describe the provisions of the Savings Directive.</p> <p>Differentiate between income tax, capital gains tax, and inheritance</p>	<p>Income tax</p> <p>The Savings Directive</p> <p>Capital gains tax (CGT)</p> <p>Inheritance tax (IHT)</p> <p>Resident, ordinarily resident and domicile</p> <p>Remittance basis</p>

	<p>tax.</p> <p>Explain how the impact of personal taxes on an individual can be mitigated through the use of offshore banking services.</p>	<p>Double taxation agreements</p> <p>Mitigating the effects of tax</p>
Trusts		
<p>Explain the principles of creating and administering trusts offshore</p>	<p>Explain what is meant by a trust.</p> <p>Describe the principles of creating and administering trusts offshore.</p> <p>Explain the purpose and evaluate the benefits of a trust.</p> <p>Differentiate between different types of trusts.</p> <p>Explain the role of trustees.</p>	<p>What is a trust?</p> <p>Trustees</p> <p>Beneficiaries</p> <p>Purposes of trusts</p> <p>Types of trust</p> <p>Terminology</p>
Offshore Centres Case Studies		
<p>Critically analyse the operations of a range of offshore centres.</p>	<p>Describe the business environment in eight offshore centres.</p> <p>Analyse and evaluate the key benefits for financial institutions and customers doing business in these offshore centres.</p>	<p>The Bahamas</p> <p>The British Virgin Islands</p> <p>The Cayman Islands</p> <p>Guernsey and Jersey</p> <p>The Isle of Man</p> <p>Luxembourg</p> <p>Vanuatu</p>