



Rewarding Learning

**ADVANCED SUBSIDIARY(AS)
General Certificate of Education
2015**

GCE Applied Business

Assessment Unit AS 4

assessing

E-Commerce

[A3B41]

THURSDAY 4 JUNE, MORNING

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

- 1 Explain the phrase ‘...website is in harmony with the company’s image...’ and state **one** example of how this might apply to Antrim Credit Union Limited.
- Refers to the issue of effectiveness of a website, that it should represent an organisation in terms of colour scheme, logo etc., consistent with the image of the company;
 - Antrim Credit Union Limited’s website appears to do this with respect to logo, name, font sizes, colour scheme and mission statement extract.

	AO1 Knowledge and Understanding	AO2 Application
Level 1	1–2 marks Candidate demonstrates a satisfactory understanding of the appropriate terminology.	1–2 marks Candidate demonstrates a satisfactory level of application in context of stimulus material.
Level 0	0 marks Candidate demonstrates no understanding of the appropriate terminology.	0 marks Candidate does not demonstrate application of knowledge to stimulus material.

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- 2 Analyse **three** reasons for the growth of E-Commerce in the Financial Services industry in Northern Ireland.
- Internet usage: the website and use of the Internet has made it more convenient for potential customers to make contact with Antrim Credit Union Ltd, e.g. members, minors, investors interested in savings etc.
 - The global accessibility of the Internet could lead to an increase in business and thus E-Commerce activities for Antrim Credit Union Ltd (income and membership did increase over the year).
 - Availability of products/services – although Antrim Credit Union Ltd does not provide online financial services at present, many banks/financial institutions in the financial services industry do, and this is becoming increasingly popular and should be considered by the Credit Union.
 - Connectivity: Contact details are published on the website of Antrim Credit Union Ltd, enabling all types of customers (e.g. members, minors, investors) to make contact using landlines, mobiles and other mobile devices. The global accessibility of these contacts could lead to an increase in business and thus E-Commerce activities for Antrim Credit Union Ltd (members can pay loans by debit cards/phone calls).
 - E-mail popularity: Users are invited to enter their e-mail address to receive the newsletter and/or make enquiries on the website of Antrim Credit Union Ltd, enabling all types of users to make contact, i.e. members, investors etc. The global accessibility of e-mail addresses could lead to an increase in business and thus E-Commerce activities for Antrim Credit Union Ltd (loan information is available upon request).
 - Promotion/publicity: Free publicity regarding Antrim Credit Union Ltd highlights the success of the business, for example within the local economy and financial services industry. Positive publicity could lead to an increase in business and thus E-Commerce related activities for Antrim Credit Union Ltd.
 - Cost savings.
 - Increased availability of mobile devices.
 - Available 24/7
 - Wider audience.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the reasons for the growth in e-commerce within the financial services industry. Candidate makes adequate use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory standard of application.	2–3 marks Candidate demonstrates a satisfactory attempt to analyse the reasons for the growth in e-commerce within the financial services industry.
Level 1	1 mark Candidate demonstrates limited understanding of the reasons for the growth in e-commerce within the financial services industry. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited standard of application.	1 mark Candidate demonstrates a limited attempt to analyse the reasons for the growth in e-commerce within the financial services industry.
Level 0	0 marks Candidate demonstrates no understanding of the reasons for the growth in e-commerce within the financial services industry. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate does not attempt to apply knowledge.	0 marks Candidate demonstrates no attempt to analyse the reasons for the growth in e-commerce within the financial services industry.

AVAILABLE MARKS

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3 Analyse **one** way in which Antrim Credit Union Limited might use E-Commerce for each of the following:

- Market Research:
 - Antrim Credit Union Ltd could gain feedback from members/customers regarding products available, e.g. savings, loans, insurance products available. This would enable them to effectively target resources and manage operations efficiently;
 - Antrim Credit Union Ltd could use the market research to gauge customer opinions/feedback on quality of services, e.g. staff friendliness, queuing times; opening hours; processing of loan applications etc.
- E-mail Newsletter:
 - Antrim Credit Union Ltd could use the e-mail newsletter to update customers/members of forthcoming events, e.g. Annual General Meeting; and to promote the financial services/products and highlight involvement in local community activities.
 - Antrim Credit Union Ltd could use the e-mail newsletter to hold competitions, quizzes, or encourage feedback from customers members.
- Payment Systems:
 - Antrim Credit Union Ltd could use these within context of e-commerce to facilitate online banking transactions, i.e. processing of deposits or transfer of funds between bank accounts; online payment of loans; purchase of insurance products by members; online transfers between Antrim Credit Union Ltd offices and/or its own banks.
- Advertising:
 - Banner advertising can be used by Antrim Credit Union Ltd to promote their financial products, for example, on other websites (including its own), which increases awareness of their products/services, e.g. loans, savings and insurance.
 - Social media may be employed (Facebook, LinkedIn, Apps).

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	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	4 marks Candidate demonstrates a competent understanding of the terms Market Research, E-mail Newsletter, advertising and Payment Systems. Candidate makes adequate use of specialist vocabulary when it is appropriate.	4 marks Candidate demonstrates a competent attempt to apply knowledge.	4 marks Candidate demonstrates a competent analysis of the terms Market Research, E-mail Newsletter, advertising and Payment Systems.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the terms Market Research, E-mail Newsletter, advertising and Payment Systems. Candidate makes adequate use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2–3 marks Candidate demonstrates a satisfactory analysis of the terms Market Research, E-mail Newsletter, advertising and Payment Systems.
Level 1	1 mark Candidate demonstrates a limited understanding of the terms Market Research, E-mail Newsletter, advertising and Payment Systems. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited analysis of the terms Market Research, E-mail Newsletter, advertising and Payment Systems.
Level 0	0 marks Candidate demonstrates no understanding of the terms Market Research, E-mail Newsletter, advertising and Payment Systems. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate does not attempt to apply knowledge.	0 marks Candidate demonstrates no analysis of the appropriate terminology.

AVAILABLE MARKS

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- 4 Analyse the extent to which online trading might benefit Antrim Credit Union Limited with respect to:
- Lower transaction costs:
 - Online trading encourages more transactions to take place online; 78 018 counter transactions occurred in 2012, within the context of increases in members and income, costs in theory would be lower at Antrim Credit Union Ltd.
 - Business travel:
 - Online trading/use of computer network between two branches of Antrim Credit Union Ltd would reduce the necessity for staff to travel between these locations and make them more productive and meet customer expectations, e.g. Skype, video-conferencing, instant messaging, prepaid cards.
 - New business models:
 - Online trading would encourage more members to undertake more financial services transactions and gain access to Antrim Credit Union Ltd's products and services (using Apps or similar software/devices); this would facilitate online banking transactions within the context of a global financial services industry; this would represent a new business model for Antrim Credit Union Ltd.
 - Increased product portfolio, e.g. foreign currency; prepaid cards.
 - Increased information about customers:
 - Online trading would allow Antrim Credit Union Ltd to gain increased information about customers; they already know that 80% of them prefer to visit the office; they could collect information about incomes/expenses and tailor financial products/services to meet the needs of members, e.g. short term 30/60/90 day loans; payday loans; credit checks undertaken.
 - Increased revenue:
 - Online trading would allow Antrim Credit Union Ltd to increase revenues – it already increased revenues from £840,454 to £961,140, from a membership of 6140; if greater than 20% of members used online trading for online banking transactions, revenue would increase for Antrim Credit Union Ltd.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	4–5 marks Candidate demonstrates a competent understanding of the extent to which online trading might benefit Antrim Credit Union Ltd. Candidate makes good use of specialist vocabulary when it is appropriate.	4–5 marks Candidate demonstrates a competent attempt to apply knowledge.	4–5 marks Candidate demonstrates a competent attempt to analyse the extent to which online trading might benefit Antrim Credit Union Ltd.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the extent to which online trading might benefit Antrim Credit Union Ltd. Candidate makes adequate use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2–3 marks Candidate demonstrates a satisfactory attempt to analyse the extent to which online trading might benefit Antrim Credit Union Ltd.
Level 1	1 mark Candidate demonstrates a limited understanding of the extent to which online trading might benefit Antrim Credit Union Ltd. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited attempt to analyse the extent to which online trading might benefit Antrim Credit Union Ltd.
Level 0	0 marks Candidate demonstrates no understanding of the extent which online trading might benefit Antrim Credit Union Ltd. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate does not attempt to apply knowledge.	0 marks Candidate demonstrates no attempt to analyse the extent to which online trading might benefit Antrim Credit Union Ltd.

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5 Evaluate **four** principles of the Data Protection Act which affect Antrim Credit Union Limited when trading online.

The requirements of the Data Protection Act with which Antrim Credit Union must comply and thus be affected by include:

- **Personal data shall be processed fairly and lawfully:** Antrim Credit Union Ltd must adhere to this provision and ensure that any data gathered from members/customers shall be processed fairly and lawfully, e.g. account balances, names/addresses.
- **Personal data shall be obtained for only one or more specified purposes:** Antrim Credit Union Ltd must specify the required personal information and use it in accordance with the purposes to which it was obtained, e.g. if Antrim Credit Union Ltd gathers information such as date of birth, for opening a member/minor account or a loan application, it cannot be used for another purpose.
- **Personal data shall be adequate, relevant and not excessive in relation to the purposes for which they are processed:** when customers of Antrim Credit Union Ltd complete an online transaction at the office, this must be adequate and relevant. All transactions on accounts must comply with the Data Protection Act and avoid gathering excessive and irrelevant information, e.g. if a customer makes deposit, it could be considered excessive if the Credit Union were to gather information on the member/customer's education background.
- **Personal data shall be accurate and, where necessary, kept up to date:** Antrim Credit Union Ltd should make every effort to ensure the accuracy of personal data such as e-mail address, home address and telephone number. The Credit Union should devise a mechanism to update this information on an ongoing basis.
- **Personal data processed for a purpose or purposes shall not be kept for longer than is necessary:** there are time constraints in relation to the duration of data retention. Antrim Credit Union Ltd should comply with this provision in order to avoid retaining information unnecessarily, e.g. the Credit Union may not retain personal data for excessive periods, e.g. 5+ years
- **Personal data shall be processed in accordance with the rights of data subjects under this Act:** e.g. credit history must be treated as confidential and members have a right of access to it.
- **Appropriate technical and organisational measures shall be taken against unauthorised processing of personal data, against accidental loss or destruction of, or damage to personal data:** Antrim Credit Union Ltd members/customers may feel that larger organisations 'trade' information about their customers' habits. Customers may fear an invasion of their privacy. The Act provides that there should be some form of sanction for organisations that possess information for purposes other than that required by business.
- **Personal data shall not be transferred to a country or territory outside the European Economic Area:** the increasing electronic globalisation of trade means that information can be passed with relative ease and speed between organisations. Antrim Credit Union Ltd shall not transfer personal information about their customers to organisations outside the European Economic area.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	4 marks Candidate demonstrates a competent understanding of the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate makes good use of specialist vocabulary when it is appropriate.	4 marks Candidate demonstrates a competent attempt to apply knowledge.	4 marks Candidate demonstrates a competent attempt to analyse the ways in which the Data Protection Act affects Antrim Credit Union Ltd.	7–8 marks Candidate demonstrates a competent attempt to evaluate the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate makes adequate use of specialist vocabulary when it is appropriate.	2–3 marks Candidate demonstrates a satisfactory attempt to apply knowledge.	2–3 marks Candidate demonstrates a satisfactory attempt to analyse the ways in which the Data Protection Act affects Antrim Credit Union Ltd.	2–6 marks Candidate demonstrates a satisfactory attempt to evaluate the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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Level 1	1 mark Candidate demonstrates a limited understanding of the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate makes some use of specialist vocabulary when it is appropriate.	1 mark Candidate demonstrates a limited attempt to apply knowledge.	1 mark Candidate demonstrates a limited attempt to analyse the ways in which the Data Protection Act affects Antrim Credit Union Ltd.	1 mark Candidate demonstrates a limited attempt to evaluate the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.
Level 0	0 marks Candidate demonstrates no understanding of the ways in which the Data Protection Act affects Antrim Credit Union Ltd. Candidate makes no use of specialist vocabulary when it is appropriate.	0 marks Candidate does not attempt to apply knowledge.	0 marks Candidate demonstrates no attempt to analyse the ways in which the Data Protection Act affects Antrim Credit Union Ltd.	0 marks Candidate demonstrates no attempt to evaluate the ways in which the Data Protection Act affects Antrim Credit Union Ltd.

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AVAILABLE MARKS

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- 6 Evaluate how each of the following might be used by Antrim Credit Union Limited in its online trading activities:
- Product:
 - The product range includes loans/savings financial services and insurance products available from Antrim Credit Union Ltd – members shares total £10.35m; loans extended amount to £6.44m
 - Antrim Credit Union Ltd is one of its kind in the Antrim area serving the local community with a limited range of financial services for all people of most ages; accounts held for minors total £521,474
 - The products are not available online but could be in the context of online banking
 - The product ranges could be incorporated into the latest technology using Internet, TV, Texts and iPhone Application software
 - This element of the marketing mix can be successfully employed to boost future income for Antrim Credit Union Ltd
 - Limited range of insurance products available.
 - Place:
 - This refers to the location where customers can acquire the product – offices and website; 80% of members prefer to visit the offices of Antrim Credit Union Ltd
 - The website represents an online solution to meet the needs of customers/members
 - Antrim Credit Union Ltd website is available online and thus exposes the company to much more than a local community
 - This element of the marketing mix can be successfully employed to boost future sales of financial services and products – income has increased to £961,140; membership has grown (6,140 members).
 - Price:
 - This refers to the price at which the product is sold to customers – income has risen in the year to £961,140
 - Antrim Credit Union Ltd gains income from interest charged on loans advanced and interest income from investments held
 - Antrim Credit Union Ltd is obliged to pay dividends to members on their savings and interest to minors on their deposits – this represents the price element in financial services
 - Antrim Credit Union Ltd charges insurance premiums of policies purchased by members, representing the price of the product
 - Antrim Credit Union Ltd may find that the prices levied are too expensive, so income may decline in future.
 - Promotion:
 - This refers to the ability of the company to promote/advertise the product – it has its own website
 - Evidence of this can be seen from the website, e.g. customer feedback, contact us facilities, newsletters, and other interactive elements present on the website
 - The emphasis on community involvement is prominent
 - This element of the marketing mix can be successfully used to boost profile of Antrim Credit Union Limited, e.g. the mission statement indicates a co-operative/community-based ethos.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	4 marks Candidate demonstrates a competent understanding of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate makes good use of specialist vocabulary when it is appropriate.	4 marks Candidate competently applies knowledge.	4 marks Candidate competently analyses the marketing mix and how it might be used by Antrim Credit Union Ltd.	7–8 marks Candidate demonstrates a competent evaluation of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.
Level 2	2–3 marks Candidate demonstrates a satisfactory understanding of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate makes adequate use of specialist vocabulary when it is appropriate.	2–3 marks Candidate attempts to apply a satisfactory level of knowledge.	2–3 marks Candidate shows a satisfactory attempt to analyse the marketing mix and how it might be used by Antrim Credit Union Ltd.	2–6 marks Candidate demonstrates a satisfactory evaluation of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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Level 1	<p>1 mark Candidate demonstrates a limited understanding of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p>1 mark Candidate attempts to apply limited knowledge.</p>	<p>1 mark Candidate shows a limited attempt to analyse the marketing mix and how it might be used by Antrim Credit Union Ltd.</p>	<p>1 mark Candidate demonstrates a limited evaluation of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. Organisation of the answer is limited.</p>	
Level 0	<p>0 marks Candidate demonstrates no understanding of the marketing mix and how it might be used by Antrim Credit Union Ltd. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p>0 marks Candidate does not attempt to apply knowledge</p>	<p>0 marks Candidate shows no attempt to analyse the marketing mix and how it might be used by Antrim Credit Union Ltd.</p>	<p>0 marks Candidate demonstrates no evaluation of the marketing mix and how it might be used by Antrim Credit Union Ltd.</p>	
[20]					20
Total					80