Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/22**

Paper 2 Written **October/November 2023**

MARK SCHEME

Maximum Mark: 80

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2023 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

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GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

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2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

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Annotations

Symbol	Possible Use
Tick	Tick
X	Cross
BOD	Benefit of doubt
Highlight	Highlight
On Page Comment	On Page Comment
Off Page Comment	Off Page Comment
TV	Too vague
REP	Repeat
L1	Level 1
L2	Level 2
L3	Level 3
NAQ	Not answered question
OFR	Own figure rule
SEEN	Noted but no credit given
BP	Blank Page

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Question	Answer	Mark	Guidance
1(a)(i)	**Define *producer.*** • Someone who provides / makes / manufactures / grows / supplies goods / converts raw materials into goods / produces goods by using raw materials / produces goods into finished goods / creates products to satisfy customer needs / wants	**1**	
1(a)(ii)	**How much more does the retailer receive than the worker?** • Answer = $0.34 OR 34% or 34	**1**	
1(b)	**Give <u>one</u> example of an intermediary who would help sell bananas to other countries.** • Agent • Broker • Factor • Forwarding agent / freight forwarder • Merchant / export merchant • Del credere agent	**1**	
1(c)	**Calculate the tariffs paid on a consignment of bananas costing $400 000. Show your working.** Answer: $20 800 (3) Method: 400 000 × 5.2% (2) If idea of correct method used but with wrong figures e.g. 5.2 × 4,000,000 or 5.2 × 400 000 = 2 080 000 (1)	**3**	

Question	Answer	Mark	Guidance
1(d)	**Explain <u>two</u> reasons why a country imports bananas.** • Many countries do not have the right climate (1) e.g. warm weather to grow bananas (1) • There is no production (1) some countries do not have the land / resources (1) to plant/grow bananas (1) • It may be cheaper to buy / not cost-effective (1) than could be produced in their own country / not cost-effective to invest in (1) e.g. low wages/labour costs in other countries (1) • They are not self-sufficient in their own banana production / not enough supply (1) need to import bananas to meet demand / satisfy consumer needs (1) • Quality/taste of bananas imported is better (1) than producing their own (1) • To give consumers a greater variety of fruit (1) to choose from / increase standard of living (1) to feed their population (1) • Seasonal (1) may not be able to grow bananas at certain times of year (1) • Entrepot trade (1) to re-export (1) • Need to import to create other fruit products (1) e.g. banana juice (1) • Country focuses on tertiary production (1) resulting in a lack of primary goods (1) • Bananas may be destroyed (1) due to natural disasters (1)	**4**	1 mark for each reason plus 1 mark for each explanation × 2
1(e)	The inventory turnover for bananas sold by retailers is **high.** To prevent ripening, bananas are often stored in cold storage **warehouses.**	**2**	1 mark for each correct circled answer

<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr>
<td>1(f)</td>
<td>Discuss <u>two</u> factors, apart from cost, that banana producers should consider when using sea transport. Which factor is the more important? Give reasons for your answer.

Sea transport carries most goods overseas by cargo ships using containers. Banana producers grow bananas.

• Destination – is important because landlocked countries cannot use sea transport, mountainous regions are often only accessed by air transport and roads can be poor / difficult terrain in some countries and some countries may be far away / does the ship call at the port the company wants.
• Duration/length of time – bananas are perishable goods that can go bad
• Weather – bad weather can cause delays, lost loads
• Type of goods – e.g. if goods have a short shelf life or need fragile handling, it would be better to choose air transport.
• Cold storage/refrigeration – need to be temperature controlled or bananas could perish/rot
• Distance – longer distances can mean greater risk of damage.
• Trans-shipment of goods between different forms of transport at ports/airports – adds to costs / delays.
• Security - When transporting valuable goods and resources, there are sometimes attempts at the local level to steal these goods from vessels.
• Laws/regulations/duty – may increase costs / delays at ports.
• Reliability / efficiency of transport method – will the cargo arrive in the time required.
• Currency fluctuations – changes in exchange rates can affect final sea freight rates.</td>
<td>8</td>
<td>
<table>
<tr><th>Level</th><th>Mark</th><th>Description</th></tr>
<tr><td>3</td><td>7–8</td><td>The candidate is able to offer a thorough evaluation of two factors that need to be considered in using sea transport to move goods.</td></tr>
<tr><td>2</td><td>5–6</td><td>Candidate offers a satisfactory analysis of one or two factors that need to be considered in using sea transport to move goods</td></tr>
<tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding of factors that need to be considered in using sea transport to move goods.</td></tr>
<tr><td>0</td><td>0</td><td>No creditable response.</td></tr>
</table>
</td>
</tr>
</table>

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Question	Answer	Mark	Guidance
1(f)	• Quantity of goods – unlimited amount of goods can be carried by sea / a company will often have paid for the whole container shipped, whether full or not, so it is advantageous to completely fill the container. • Documents/paperwork – e.g. license, bill of lading, certificate of origin otherwise transporting cannot take place • Packaging – e.g. in cardboard boxes, containers so that the goods are safe • Insurance – in case of damage, lost goods so to reduce risk • Urgency – do the goods need to arrive quickly • Speed – as sea transport is slow, the quality of bananas maybe affected • Warehousing – need to be stored at port for safety • Communication – need to transfer information or e.g. between ship and port **Evaluation:** Generally, in using sea transport, much depends on the distance and the type of goods to be transported between countries because the longer the distance the greater the costs and more possible risks. However, bananas are not expensive products or likely to be stolen so the destination, which could affect the time when the bananas get to market, will be a more important factor to a banana producer.		

Question	Answer	Mark	Guidance
2(a)	**Explain <u>two</u> features of a private limited company.** • Limited liability (1) where liability for debts is limited to amount invested / no personal possessions can be taken (1) • Separate legal entity (1) legally a separate being / a corporate body (1) • Owned (1) by shareholders (1) • Shareholders receive a dividend (1) on profits (1) • Owned by private individuals (1) not the government (1) • Minimum of 2 shareholders (1) no maximum or 50 (in some countries) (1) • Cannot sell shares to the public (1) on the stock market/exchange / only to family or friends (1) • Controlled/run/decide rules (1) by directors (1) • No minimum share capital required (1) to start a company (1) • Often a family business (1) been in the same family for generations / sell shares in the family (1) • Regulated by Companies Acts (1) must register with the Registrar of Companies to operate (1) • Continuity of existence (1) can be passed down to others/does not end on death (1) • Shares not transferrable (1) without agreement of other shareholders (1) • Accounts must be published (1) and available on request (1) • Needs to apply for a trading certificate (1) before it can begin trading (1) • Need for an AGM (1) required by law (1) where shareholders vote (1)	**4**	1 mark for each feature plus 1 mark for each linked explanation × 2

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Question	Answer	Mark	Guidance
2(b)	**Identify <u>two</u> risks, apart from fire, which the factory could be insured against.** • Employer's liability / accidents/injuries to workers • Public liability • Premises / buildings / vandalism • Theft / burglary • Flood • Storm / weather • Consequential loss / business interruption • Machinery / assets / damaged machinery / machinery breakdown • Contents / stock • Goods in transit • Fidelity guarantee / employee fraud / theft by workers • Key person / important person dies • Natural disasters / earthquake • Plate glass insurance	**2**	1 mark for each correct risk

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Question	Answer	Mark	Guidance
2(c)	**Six months after insuring the factory, there was a fire. A claim of $70 000 was made to the insurance company.** **Evaluate the importance to the private limited company of the insurance principle of indemnity when making its claim**. Indemnity is when the insured is placed in the same position after a loss as before the loss with no profit made. • The company can be compensated for the loss to repair the damage caused. • The owner cannot claim back more than the damaged assets are worth; otherwise, the company could over-insure to gain money / make a profit from a loss. • If the fire causes $70 000 damage, the factory owner can claim back $70 000 so that no loss is made. • Again, if the company under-insures the factory, for say $30 000 the owner cannot claim back the full amount – as shown by the average clause formula – where the company will have to contribute to any loss. • If the company under-insures the factory, the company will have saved money by paying lower premiums, but it will result in the company not being able to recover its losses. • Under contribution, if the factory is insured with more than one insurance company, each insurance company will share the payment of compensation e.g. if the factory owner has two fire insurance policies, the amount of compensation will be shared between the two insurers, that is, $35 000 each. • Under subrogation, if a factory is burnt to the ground, the factory could become the property of the insurance company. **Evaluation:** The principle of indemnity is very important when making a claim so that the factory owner can start rebuilding the factory. If not, they could be worse off than six months previously and will have to borrow money to do so. With more borrowing and increased insurance premiums, the factory might not be rebuilt to start production again for a long time.	**6**	Up to 2 marks for **describing** insurance claims / indemnity. Up to a further 2 marks for **analysing** the importance of indemnity when making its claim. Up to a final 2 marks for **evaluating** whether indemnity is important in making its claim.

Question	Answer	Mark	Guidance
3(a)(i)	**State <u>one</u> reason for the position of sale items in the store.** • Encourages impulse buying / encourages shoppers to buy / near to checkout counter. • In the centre of the store, so more likely to be viewed / first items seen / attracts shoppers to the sale items / sales promotion / attracts customers towards the sale items. • Helps to identity where the sale items are. • Attracts shoppers into store / attracts passers-by / sale items can be seen from the road.	**1**	Note: 0 marks for 'attracts customers' by itself
3(a)(ii)	**Identify <u>two</u> ways in which the shop layout is helpful to staff.** • Helps staff to restock shelves as sections identified. • Convenient stockroom for staff to go and find products / do not have to do this in front of customers. • Staff can see if there is any shoplifting taking place / monitor stock / monitor customers. • Staff can assist customers more easily / guide them to the section / to show them where the changing room/WC are • As stockroom is near changing rooms, it means that staff do not have far to carry clothes. • Easy for staff to move around / easy to access items. • It saves staff time because they do not have to explain goods for sale. • Shows clearly where different sections / items are / easy for staff to remember.	**2**	1 mark for each correct way

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Question	Answer	Mark	Guidance
3(b)	**During the first week of opening, customers complained the queue at the checkout was too long.** **State <u>two</u> actions that the store owners could take to resolve this problem.** • Train staff better / staff need to ring up and checkout quicker • Get another checkout • Add another point of sale in the store • Check that the checkout terminal is working properly • Invest in a better checkout system that can process sales quicker. • Move other sales staff to the checkout counter • Reduce the number of people allowed into the store at a time • Hire more staff • Change place of checkout / layout of store • Divide the queue up / have one queue for cash and one for cards / have self-service counters	**2**	1 mark for each correct action

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Question	Answer	Mark	Guidance
3(c)	**Do you think being located near to other similar fashion stores is a good idea? Give reasons for your answer.** Yes – Shoppers like to compare clothes items/prices / to get greater choice in several stores (1) likely to visit their store (1) easier for customer as they do not have to go to different areas for their fashion stores (1) can travel a short distance (1) less likely to go a single shop if there are greater variety of shops together (1) therefore, greater footfall / more shoppers attracted to the area (1) more potential sales (1) greater brand awareness (1) fashion store may offer lower prices than other stores (1) or better quality goods (1) may attract competitors' customers (1) gives them a competitive advantage (1) increases sales (1) increases their market share (1) would have a better knowledge of what the other stores are selling / trends (1) could monitor competitor offers (1) No – Increases competition (1) other stores may have already customer loyalty (1) may be difficult for a new store to break customer loyalty (1) the competing stores may be selling their clothes at a cheaper price (1) of better quality / more variety (1) shoppers will go there (1) lose customers (1) may have to reduce prices / offer discounts to compete (1) leading to lower profit margins (1) poor sales (1) less income (1)	**3**	Up to 3 marks for justified reasoning of yes and / or no responses.

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>After trading for one month, the store owners decided to launch a marketing campaign. They considered two sales promotions options:

Option 1: Sponsorship of a local music event
Option 2: Discount coupons.

Discuss both options. Which would you recommend? Give reasons for your answer.

Sponsorship is the act of supporting an event financially or through the provision of a product.
Discount coupons are a reduction in price given to customers.

Option 1: Sponsorship of a local music event:
• Sponsoring a local music event links their store brand with the event raising awareness / name recognition.
• Could help to improve the public image of the store creating a positive way to support the local community.
• Setting up a branded stall at the event with hats and tops for sale is an easy way to get new business.
• Promotes a positive image of the store by linking with event as a cultural activity.
• It has limited scope for marketing as they cannot target customers.
• It can be costly in terms of personnel and goods provided.</td><td>8</td><td>
<table>
<tr><th>Level</th><th>Mark</th><th>Description</th></tr>
<tr><td>3</td><td>7–8</td><td>The candidate is able to offer a recommendation with a thorough evaluation of the two sales promotion options.</td></tr>
<tr><td>2</td><td>5–6</td><td>Candidate offers a satisfactory analysis of one or two sales promotions with or without a recommendation.</td></tr>
<tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding of sales promotions.</td></tr>
<tr><td>0</td><td>0</td><td>No creditable response.</td></tr>
</table>
</td></tr>
</table>

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Question	Answer	Mark	Guidance
3(d)	Option 2: Discount coupons: • Coupons can interest new shoppers and increase numbers of people going to the store to buy clothes. • Coupons can interest customers in new deals such as BOGOFs on tops. • Coupons can help competitive edge by giving the clothes store an upper hand on local clothing stores. • Raise brand awareness as the coupons will be seen by consumers who do not go to this clothes store. • Can target customers so that this clothes store does not waste time / money sending them to customers who would be less interested. • Offering coupons can cut into profits as the shop is providing a discount to people who might be going to buy their clothes without them. • It can be costly as there is the design and production costs involved. • It may lessen the value of their clothes as a discount can negatively affect the perceived value and quality of their clothes **Evaluation:** We are not told what the sponsorship will involve. For example, will the local music event endorse the clothes store with clothes store banners. Both sponsorship and coupons have the potential to increase sales but if the local music event causes bad publicity this will reflect badly on the store. It is for that reason that coupons are the recommended choice.		

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Question	Answer	Mark	Guidance
4(a)(i)	**Suggest <u>one</u> method of written communication Celine could use to ask a wholesaler some questions.** • Letter • Email • Text • Fax • WhatsApp / other messenger app examples	**1**	
4(a)(ii)	**Do you think Celine should use the telephone to place orders with the wholesaler? Give reasons for your answer.** Yes – Immediate/quick contact is made / saves time (1) compared to email/letter (1) convenient to use (1) a discussion can take place (1) direct / one-to-one communication (1) she can find out if the items are in stock (1) where an urgent / quick decision needed (1) can confirm details (1) avoids misunderstanding/confusion (1) with a more personal approach / possibly more co-operation (1) can use bargaining (1) instant feedback can be given (1) when emails are not checked / replied to (1) it is cheap to use (1) No – Person called may not be available (1) no record/proof of conversation (1) errors might be made in hearing the order / may forget points (1) risk of miscommunication / not hearing points/distorted message (1) signal may be poor (1) message cannot be carried out (1) can be more costly than an email (1) better to have sent a written / visual communication (1) e.g. text / email message / videoconferencing (1) can refer back to email (1) have proof / evidence (1)	**3**	Up to 3 marks for justified reasoning of yes and / or no responses.

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Question	Answer	Mark	Guidance
4(b)	**Explain what *5% 30 days* means on an invoice that Celine might receive from the wholesaler.** • 5% discount / discount / 5% off (1) if payment received within 30 days / within the days (1)	**2**	
4(c)	**Explain <u>two</u> disadvantages to the wholesaler of offering trade credit to a new customer such as Celine.** • Bad debts (1) payment not made by the retailer (1) • Delay in payment (1) leading to cash flow problems / losses made (1) wholesaler may be unable to buy new stock (1) • More administration/documents needed (1) leading to extra costs (1) • Need to check references / credit history (1) time-consuming (1) • Cost of offering discounts (1) reduces the margin on sales (1) • Risky (1) as Celine lacks experience in trading (1) • Wholesaler cannot repossess the goods (1) if payment not made (1)	**4**	1 mark for each disadvantage plus 1 mark for each linked explanation × 2

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Question	Answer	Mark	Guidance
4(d)	**Discuss the importance to Celine of setting up a website for her business. Give reasons for your answer.** A website is a central location of web pages that are related and accessed by visiting the home page of the website using a browser. Reasons for setting up a website include: • A website would provide information about the baby products that Celine wants to sell. It would include prices, descriptions and photographs that will persuade consumers to buy her products. • To give her visibility on the internet. If someone is searching for a particular baby product, the name of all retailers supplying that product will be listed by the search engine or price comparison website. • Websites provide secure and efficient payment systems so that when the shopper arrives at Celine's checkout there is smooth transaction process to avoid any lost sale. • Her website can be easily changed to offer sales promotions at short notice when sales are slow moving. • Celine will be able to use her website to collect information about shoppers and see where shoppers spend the most and least amount on her site. She could then target customers more effectively. • The website can attract shoppers internationally which gives her access to new markets and greater potential sales. • Low set-up costs as cheaper than setting up a physical store as no rent to pay • Can collect feedback to improve her service **Evaluation:** A website will allow Celine to spread the word about her business. It will be accessible to anyone, anywhere, anytime. Even during non-business hours, customers can access her website to get the information they need and buy her goods. There is no limit to the sales that could be generated by her website with the potential revenue reaching sky high if customers demand her goods. In fact, if Celine wants to do business, she will not be able to operate without one.	**6**	Up to 2 marks for **describing** a website. Up to a further 2 marks for **analysing** the importance of setting up a website for her business. Up to a final 2 marks for **evaluating** the importance of setting up a website for her business.

Question	Answer	Mark	Guidance
5(a)	**Suggest <u>one</u> payment method not named in Fig. 5.1.** • Credit transfer/bank giro/bank transfer / standing order / direct debit / documentary credit/letter of credit / bank draft / store card	**1**	
5(b)	**Define *debit card*.** • A card used to make immediate/direct payment	**1**	
5(c)	**Explain <u>one</u> reason why mobile wallet has become more popular.** • Increase in internet shopping / ecommerce (1) more people are shopping online (1) can be used 24/7 (1) • More convenient / ease of access (1) just need to carry smartphone (1) just need to tap smartphone to make payment (1) or hold phone near payment terminal (1) • Rising smartphone use (1) more consumers pay with smartphones (1) • More locations/websites (1) accepting payment by this method (1) • Speed/quick payment (1) no need to enter credit card information for a transaction (1) • Can use for a range of payments (1) e.g. utilities, train tickets (1) • Greater awareness of mobile wallets (1) more consumers posting messages on social media about the service / more advertising of this service taking place (1) • More options for digital payment (1) you can store a number of different credit cards / debit cards / gift cards / loyalty cards, and more in one wallet (1) • Safer (1) than carrying cash (1) • Secure (1) against potential theft (1) • Provides loyalty rewards (1) easy to obtain loyalty points (1) • No transaction charges (1) for transferring money anytime/anywhere (1) • Can check balance (1) no need to go to bank / receive bank statements (1) transactions can be carried out at home (1)	**2**	1 mark for reason plus 1 mark for linked explanation

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>5(d)</td><td>Do you think it is preferable to have a cashless society? Give reasons for your answer.

Yes – more convenient/easier than carrying cash (1) transactions will be faster / faster to pay (1) useful in an emergency (1) if credit card not available (1) more transparency as non-cash transactions supported by records / give proof of payment (1) less need to use foreign currency (1) making large payments (1) less crime / theft (1) so safer not to carry cash (1) can make transactions internationally / over long distances (1)

No – people may spend more (1) increases debt (1) lack of privacy in transactions (1) people trust using cash (1) adds to traders' costs as there is the need for IT systems (1) largest payment section used in Fig. 5.1. (1) some retailers do not have card machines (1) e.g. hairdressers (1) some people prefer receiving cash (1) e.g. window cleaner (1) some people lack knowledge in using technology (1) e.g. internet banking (1) some people fear hacking of their credit card / internet banking (1) losing money (1) some people do not have bank accounts (1) do not want to live in a cashless society (1)</td><td>3</td><td>Up to 3 marks for justified reasoning of yes and/or no responses</td></tr>
<tr><td>5(e)</td><td>Which of these statements about internet banking are true and which are false?

Tick (✓) true or false in the correct column.

<table>
<tr><th>Answer</th><th>TRUE</th><th>FALSE</th></tr>
<tr><td>Cash can be obtained at all times.</td><td></td><td>✓</td></tr>
<tr><td>Customers log on by using their date of birth.</td><td></td><td>✓</td></tr>
<tr><td>Electronic payments can be made at any time.</td><td>✓</td><td></td></tr>
</table>
</td><td>3</td><td>1 mark for each correct answer</td></tr>
</table>

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Question	Answer	Mark	Guidance
5(f)	**Discuss <u>two</u> advantages to consumers of using credit cards when buying goods. Which is the more important advantage? Give reasons for your answer.** A credit card is a plastic card containing customer details used to make purchases on credit. Credit is buying now, paying later. The advantages of using a credit card include: • Free credit – It can be a more convenient option to use a credit card, as it can let you buy a product but not pay for it until next month. • Spreading payments out – If you need make a large purchase, such as a home appliance, a credit card offers the advantage of spreading the cost over several monthly payments. • Having purchase protection – If you buy something on your credit card and something goes wrong – for example if the selling company goes bust or if the purchase is faulty or goes missing, you can claim the cost back from your credit card provider. • Interest free spending: If you need to make a purchase but you've not saved up enough yet, some credit cards offer a 0% interest period that effectively lets you borrow for free, providing the monthly payments are made. • Getting cashback, benefits and rewards – if you know you'll be using the credit card for regular spending, you could take advantage of one with varying incentives. For example, airmiles on an airline credit card • Safer to use than carrying cash in many different outlets. **Evaluation:** As long as consumers use their credit cards and are disciplined in paying their credit card balance in full and on time, there are endless advantages of using a credit. Free credit is the more important advantage. Given the timing of receiving wages, making certain purchases at certain times of the month can be tricky. A credit card frees you up by allowing you to spend money you don't have and then pay it back over time in the future.	**6**	Up to 2 marks for **describing** credit cards/buying on credit. Up to a further 2 marks for **analysing** the one or two advantages of using credit cards when buying goods. Up to a final 2 marks for **evaluating** the more important advantage of using credit cards when buying goods.