



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **CHCFLE303A Educate clients to understand debt and consumer credit**

**Release: 1**

## **CHCFLE303A Educate clients to understand debt and consumer credit**

### **Modification History**

Not Applicable

### **Unit Descriptor**

#### **Descriptor**

This unit describes the skills and knowledge required to educate clients in basic financial literacy concepts relating to debt and consumer credit

### **Application of the Unit**

#### **Application**

This unit is designed for application by workers in the community sector who may need to provide basic financial literacy education for client groups

Financial literacy education provides targeted information and resources to meet particular client needs

Acquisition of financial literacy education competencies alone does not provide sufficient foundation to undertake complex financial literacy education or financial counselling

Where financial issues have the potential to become complex, clients should be referred to a qualified financial counsellor

### **Licensing/Regulatory Information**

Not Applicable

### **Pre-Requisites**

Not Applicable

## Employability Skills Information

### Employability Skills

This unit contains Employability Skills

## Elements and Performance Criteria Pre-Content

Elements define the essential outcomes of a unit of competency.

The Performance Criteria specify the level of performance required to demonstrate achievement of the Element. Terms in italics are elaborated in the Range Statement.

## Elements and Performance Criteria

### ELEMENT

1. Apply knowledge of the role of credit

### PERFORMANCE CRITERIA

- 1.1 Demonstrate clear understanding and ability to explain concepts and terminology of credit provided by a financial institution and debt incurred by a borrower
- 1.2 Compare features of different types of loans or credit facilities
- 1.3 Identify differences between unsecured and secured loans and explain implications of default on secured and unsecured loans
- 1.4 Demonstrate understanding of and ability to explain the cost of credit
- 1.5 Explain basic concepts and uses of documents and *paperwork*

**ELEMENT****PERFORMANCE CRITERIA**

- |  |   |
|--|---|
| 2. Identify common debt issues   | 2.1 Discuss common types of debt including relationship debt with client and identify its potential implications in relation to specific client situation |
|  | 2.2 Provide appropriate referrals to assist client to deal with debt issues   |
|  | 2.3 Identify ways to avoid debt as a means to assist client to minimise debt  |
|  | 2.4 Identify range of debt reduction strategies to address client situation   |
|  |   |
| 3. Identify complaints and hardship options to address personal financial issues | 3.1 Identify informal and formal complaints processes to assist client to ensure rights and entitlements are met  |
|  | 3.2 Identify appropriate hardship provisions relevant to client needs   |

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This describes the essential skills and knowledge and their level required for this unit.

#### *Essential knowledge:*

The candidate must be able to demonstrate essential knowledge required to effectively do the task outlined in elements and performance criteria of this unit, manage the task and manage contingencies in the context of the identified work role

These include knowledge of:

- Advantages and disadvantages of debtor options consolidation
- Mobile phone and pay TV contracts, insurance, rental agreements for household goods
- Structural issues of debt
- Options for complaints
- Understanding of regulatory bodies, credit reference agencies and consumer advisory bodies
- Referrals
- Limits and boundaries
- Understanding credit
- Lo-doc and no-doc loans
- Consumer rights and responsibilities
- Superannuation
- Hardship options
- Cost of credit - simple and compound interest, interest charges and fees, default fees, overdrawn fees, early termination fees, establishment fees
- Points plans and the true cost of credit
- Assumption of indebtedness and that use of credit
- Financial services perspective
- Targeting different client groups
- Structural/systemic causes of financial hardship
- Relationship debt

#### *Essential skills:*

It is critical that the candidate demonstrate the ability to:

## REQUIRED SKILLS AND KNOWLEDGE

- Use communication skills effectively, including active listening
- Know when to seek expert advice
- Use numerical and mathematical skills relevant to calculations of interest and loan repayments
- Work with others to develop own knowledge and expertise in personal credit management
- Explain basic concepts of credit and consumer documentation

In addition, the candidate must be able to effectively do the task outlined in elements and performance criteria of this unit, manage the task and manage contingencies in the context of the identified work role

These include the ability to:

- Demonstrate application of skills in:
  - liaison and networking
  - research
  - time management
  - evaluation
  - presentation

## Evidence Guide

### EVIDENCE GUIDE

The evidence guide provides advice on assessment and must be read in conjunction with the Performance Criteria, Required Skills and Knowledge, the Range Statement and the Assessment Guidelines for this Training Package.

*Critical aspects for assessment and evidence required to demonstrate this unit of competency:*

- The individual being assessed must provide evidence of specified essential knowledge as well as skills
- This unit is best assessed in the workplace or in a simulated workplace under the normal of range conditions
- Assessment should be gathered on one or more occasions but must reflect the normal range of client

## EVIDENCE GUIDE

situations encountered in the workplace

- Access and equity considerations:*
- All workers in community services should be aware of access, equity and human rights issues in relation to their own area of work
  - All workers should develop their ability to work in a culturally diverse environment
  - In recognition of particular issues facing Aboriginal and Torres Strait Islander communities, workers should be aware of cultural, historical and current issues impacting on Aboriginal and Torres Strait Islander people
  - Assessors and trainers must take into account relevant access and equity issues, in particular relating to factors impacting on Aboriginal and/or Torres Strait Islander clients and communities
- Context of and specific resources for assessment:*
- This unit can be assessed independently, however holistic assessment practice is encouraged with other community services units of competency, such as:
    - CHCFLE301A Work with clients needing financial literacy education
    - CHCFLE302A Educate clients in fundamental financial literacy skills
  - Resources required for assessment of this unit include access to:
    - an appropriate workplace where assessment can take place or simulation of realistic workplace setting for assessment

## EVIDENCE GUIDE

### *Method of assessment:*

- In cases where the learner does not have the opportunity to cover all relevant aspects in the work environment, the remainder should be assessed through realistic simulations, projects, previous relevant experience or oral questioning on 'What if?' scenarios
- Assessment of this unit of competence will usually include observation of processes and procedures, oral and/or written questioning on Essential knowledge and skills and consideration of required attitudes
- Where performance is not directly observed and/or is required to be demonstrated over a 'period of time' and/or in a 'number of locations', any evidence should be authenticated by colleagues, supervisors, clients or other appropriate persons

## Range Statement

### RANGE STATEMENT

The Range Statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Add any essential operating conditions that may be present with training and assessment depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts.

### *Client groups may include but are not limited to:*

- Church and community groups
- Schools
- Vulnerable and at risk client groups



**RANGE STATEMENT**

*Causes of financial exclusion may relate to, for example:*

- Low levels of literacy and numeracy
- Mental health issues
- Cultural and language background
- Alcohol and other drugs (AOD) issues
- Domestic violence issues
- Age
- High cost of credit, fees and charges

*Delivery of financial literacy education may include:*

- Individuals
- Families
- Groups
- Identified target communities and groups

*Paperwork may include:*

- Utility accounts
- Bank statements
- Insurance documentation

**Unit Sector(s)**

Not Applicable