Australian Government

FNSFLT213 Develop knowledge of debt and consumer credit

Release: 1

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Modification History

Release	Comments
Release 1	This version first released with FNS Financial Services Training Package Version 6.0.

Application

This unit describes the skills and knowledge required to understand the functions and implications of different forms of credit, and the strategies and methods to make decisions regarding management of personal debt and use of credit facilities. It has wide application and may be used in workplaces, schools, adult and community learning organisations or registered training organisations to build the financial literacy of learners. The unit may also be used as part of pre-vocational or new apprenticeship programs, or as part of services provided by counselling or advisory organisations.

The unit applies to those who explore new ideas and techniques to build personal financial literacy knowledge.

No licensing, legislative or certification requirements apply to this unit at the time of publication.

Unit Sector

Financial literacy

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
Elements describe the essential outcomes.	*Performance criteria describe the performance needed to demonstrate achievement of the element.*
1. Identify role of credit in society	1.1 Identify concepts and terminology of credit provided by financial institute and debt incurred by borrower 1.2 Identify historical and current role of consumer credit in Australian society 1.3 Identify advantages and disadvantages of credit use 1.4 Discuss impact of consumer debt on national economy
2. Identify range of credit options available	2.1 Identify and compare types of credit facilities used by businesses and by individuals

ELEMENT	PERFORMANCE CRITERIA
	2.2 Identify differences between unsecured and secured loans 2.3 Identify implications of default on secured loans to borrower
3. Identify and compare costs of using credit	3.1 Compare fees and costs associated with different types of credit options 3.2 Compare features and associated risks of fixed versus variable interest rates 3.3 Identify ways to compare advertised interest rates and effects of fees and charges
4. Identify effective use of consumer credit	4.1 Identify ways to avoid excessive and unmanageable debt 4.2 Identify strategies to minimise fees on credit 4.3 Identify effects of meeting and not meeting minimum payments on credit cards 4.4 Identify ways to avoid credit card fraud
5. Review personal credit rating and history	5.1 Identify role of credit reference agencies 5.2 Identify purpose and use of credit reference reports in assessing loan applications 5.3 Identify implications of establishing a poor credit history 5.4 Describe methods of obtaining own credit reference report and identify information on right to access the report

Foundation Skills

This section describes those language, literacy, numeracy and employment skills that are essential to performance but not explicit in the performance criteria.

SKILL	DESCRIPTION
Numeracy	• Performs a range of mathematical calculations to interpret the impact of varying fees and costs and to compare financial information
Oral communication	• Participates in verbal exchanges using active listening and questioning to elicit information and develop a clear understanding
Reading	• Researches, interprets and compares written information from a range of sources to identify key details relevant to the enquiry
Writing	• Documents information using correct spelling, grammar and terminology • Describes concepts accurately and in a format appropriate for the audience and purpose

SKILL	DESCRIPTION
Self-management	• Identifies, confirms and understands regulatory requirements • Maintains up-to-date knowledge of debt and consumer credit required for own situation
Technology	• Uses digital systems and tools to conduct research and complete tasks

Unit Mapping Information

Supersedes and is equivalent to FNSFLT203 Develop knowledge of debt and consumer credit.

Links

Companion Volume Implementation Guide is found on VETNet - https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe