



**Australian Government**

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

# **FNSFLT502A Facilitate customer awareness of the Australian financial system and markets**

Release: 1

## FNSFLT502A Facilitate customer awareness of the Australian financial system and markets

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to develop customer awareness of how the monetary and financial systems and markets operate in Australia, with the aim of enhancing basic consumer financial literacy.</p> <p>No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.</p>
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### Application of the Unit

<b>Application of the unit</b>	<p>This unit may be applied within the context of a financial counselling role or within educational programs facilitated by financial counsellors or financial institutions within the context of improving consumer financial literacy.</p>
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>		

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Explain to customers the function and role of the Reserve Bank of Australia (RBA)	1.1. The <b>role of the RBA</b> as Australia's central bank is and differences between the RBA and other banking institutions is communicated to the customer 1.2. The importance and effect of the <b>RBA's monetary policy</b> on the Australian economy and consumer's personal finances is explained to the customer in plain language 1.3. The role of the bank in <b>maintaining financial stability</b> and <b>regulating the Australian Payments System</b> is explained to the customer
2. Outline the role of money and Australia's monetary base	2.1. Society's <b>motivations for holding money</b> and the various <b>functions of money</b> are identified and discussed with the customer 2.2. The impact of changes in the supply of money is explained to the customer in plain language
3. Outline the main features of the Australian financial markets	3.1. The <b>purpose of financial markets</b> and the <b>major markets within the Australian financial markets</b> are identified and communicated to the customer 3.2. The role of banks and financial institutions as financial intermediaries is discussed with customer 3.3. The role and function of the <b>short term money market</b> and types of products it deals in, are outlined in basic language for the customer
4. Provide information to the customer about regulation of the financial system	4.1. The role of independent regulation in the financial system and the <b>main regulators of the financial system</b> are identified and their roles discussed with the customer 4.2. Examples of the protection afforded individuals by the regulators are provided to the customer

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- communication skills to:
  - clearly explain the Australian financial system and markets to customers and customers, using questioning and active listening as required and responding with empathy in sensitive cases
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences
- IT skills to use internet information
- literacy skills for:
  - analysing information to ensure appropriateness to customer or customer needs, currency and accuracy
  - drafting documents for customers and customers
- problem solving skills to identify any issues that have the potential to impact on the customer's understanding and develop options
- organisational skills, including the ability to plan and sequence work

#### Required knowledge

- the Australian financial system and markets and State of the economic environment
- relevant industry codes of practice including:
  - Consumer Credit Code
  - Privacy Act
  - Credit Act
- relevant State and Territory legislation regarding consumer credit issues and Judgement Debt Recovery Acts
- roles and relationships between participants within the Australian financial services industry, including banks and other financial intermediaries

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• develop customer awareness of the features and roles of the participants within the Australian financial system and markets</li> <li>• translate complex information into plain language that may be understood by a variety of people with minimal financial market knowledge.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> <li>• access to Australian financial system and markets information.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• observing processes and procedures in workplaces or role plays</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• setting and reviewing workplace projects and business simulations or scenarios.</li> </ul>
<b>Guidance information for assessment</b>	

## Range Statement

<b>RANGE STATEMENT</b>	
<p>The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. 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) may also be included.</p>	
<p><b><i>The role of the RBA</i></b> includes:</p>	<ul style="list-style-type: none"> <li>• banker to the Commonwealth government, banks and other financial institutions</li> <li>• managing government debt</li> <li>• regulating the payments system</li> <li>• setting and implementing monetary policy.</li> </ul>
<p>The effect of the <b><i>RBA's monetary policy</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• changes in interest rates</li> <li>• flow on changes to employment, prices and production levels</li> <li>• increases or decreases in the supply of money in the Australian economy.</li> </ul>
<p><b><i>Maintaining financial stability</i></b> refers to:</p>	<ul style="list-style-type: none"> <li>• acting to avoid or minimise a systemic collapse of financial institutions.</li> </ul>
<p>The role of the RBA in <b><i>regulating the Australian Payments System</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• fulfilling its regulatory responsibilities by controlling risks and promoting efficiencies</li> <li>• participating in the financial system as banker to the Commonwealth government</li> <li>• providing facilities for final settlement of transactions.</li> </ul>
<p><b><i>Motivations for holding money</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• precautionary demand for money to pay future expenses which may not be anticipated</li> <li>• speculative demand for money to be able to take advantage of future price changes in favour of the purchaser</li> <li>• transactions demand for money to pay every day predictable expenses.</li> </ul>
<p>The <b><i>functions of money</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• as a means of exchange for acquiring goods and services</li> <li>• indications of relative values between goods and services</li> <li>• measure of liquidity.</li> </ul>
<p><b><i>The purpose of financial markets</i></b> includes:</p>	<ul style="list-style-type: none"> <li>• enabling participants to invest surplus funds by buying securities</li> <li>• enabling participants to raise required funds by issuing securities.</li> </ul>
<p><b><i>The major markets within the Australian</i></b></p>	<ul style="list-style-type: none"> <li>• bond market</li> <li>• derivatives markets</li> </ul>

<b>RANGE STATEMENT</b>	
<i>financial system</i> include:	<ul style="list-style-type: none"> <li>• equity or share market as traded on the Australian Securities Exchange (ASX)</li> <li>• financial futures market</li> <li>• foreign exchange market</li> <li>• money market</li> <li>• options market.</li> </ul>
Instruments traded on the <i>short term money market</i> include:	<ul style="list-style-type: none"> <li>• bills of exchange</li> <li>• commercial bills</li> <li>• government bills</li> <li>• promissory notes</li> <li>• treasury notes.</li> </ul>
<i>Main regulators in the financial system</i> may include:	<ul style="list-style-type: none"> <li>• Australian Prudential Regulation Authority (APRA)</li> <li>• Australian Securities and Investments Commission (ASIC).</li> </ul>

### **Unit Sector(s)**

<b>Unit sector</b>	Financial literacy
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### **Competency field**

<b>Competency field</b>	
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### **Co-requisite units**

<b>Co-requisite units</b>		