



Australian Government

FNSCRD503 Promote understanding of the role and effective use of 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 1.0.

Application

This unit describes the skills and knowledge required to explain the functions and implications of different forms of consumer credit as part of developing the financial skills of clients.

It applies to individuals who use a range of communication styles and techniques to provide comprehensive analysis of information in managerial support or service roles, particularly to clients with minimal financial awareness.

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

Unit Sector

Credit management

Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Identify types of appropriate consumer credit options for clients	1.1 Identify clients' financial situations, requirements and objectives in regards to consumer credit by making reasonable enquiries 1.2 Explain types of appropriate consumer credit facilities to clients in plain language 1.3 Provide clients with written supporting documentation and guide them through key aspects of documentation
2. Identify and discuss costs of using credit	2.1 Explain relevant features, terms and conditions of appropriate consumer credit facilities to clients, with impacts and possible

ELEMENT	PERFORMANCE CRITERIA
	risks disclosed in a clear and concise manner 2.2 Explain fees and costs associated with different types of credit options for clients 2.3 Demonstrate how to interpret differences between advertised interest rates and comparison rates to clients
3. Promote effective use of consumer credit	3.1 Discuss strategies to avoid excessive or unmanageable debt with clients in relation to their financial situations 3.2 Discuss strategies to minimise fees and cost of credit with clients
4. Provide clients with information regarding credit reference reports	4.1 Explain role of credit reference agencies to clients in plain language 4.2 Emphasise purpose and use of credit reference reports in assessing loan applications and explain implications of establishing a poor credit history to clients 4.3 Explain right to access and methods of obtaining own credit reference report, and provide relevant contact details to clients for follow up if required

Foundation Skills

This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.

Skill	Performance Criteria	Description
Oral Communication	1.1-1.3, 2.1, 2.2, 3.1-3.3, 4.1-4.3	- Establishes a supportive environment, considers the context and selects vocabulary, grammar and structure to suit a wide range of individuals and cultural differences to convey details of consumer credit choices and outcomes of individual credit history - Uses active questioning and listening techniques, initiates points of clarification and uses clear and direct language to establish client credit requirements and convey strategic advice and support
Numeracy	2.1, 2.2, 3.2	Uses mathematical equations to compare and accurately demonstrate key features of financial information to others
Interact with	3.1, 3.2, 4.2	Implements strategies for a diverse range of colleagues

others		and clients to build rapport and foster strong relationships
Get the work done	1.1, 1.2, 2.1, 2.2, 3.1-3.3, 4.1-4.3	• Accepts responsibility for planning and sequencing complex tasks and workload, negotiating key aspects with others and taking into account capabilities, efficiencies and effectiveness • Applies systematic and analytical decision-making processes for complex and non-routine situations • Uses the main features and functions of digital tools to complete work tasks

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSCRD503 Promote understanding of the role and effective use of consumer credit	FNSCRD503A Promote understanding of the role and effective use of consumer credit	Updated to meet Standards for Training Packages Rewritten and clarified elements and performance criteria	Equivalent unit

Links

Companion Volume implementation guides are found in VETNet -

<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe>

Assessment Requirements for FNSCRD503 Promote understanding of the role and effective use of consumer credit

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Performance Evidence

Evidence of the ability to:

- comply with legislative requirements, industry regulations and code of conduct when identifying types of appropriate consumer credit options for clients and providing documentation
- explain the features, terms and conditions of the appropriate consumer credit facilities to clients, taking into account any special needs
- provide clients with a detailed analysis of the fees, costs and risks of appropriate consumer credit facilities
- identify for clients strategies to use appropriate consumer credit facilities effectively
- explain the consequences of a poor credit reference history to clients.

Note: If a specific volume or frequency is not stated, then evidence must be provided at least once.

Knowledge Evidence

To complete the unit requirements safely and effectively, the individual must:

- explain the effect of the current economic environment on an individual's credit and debt options
- explain the advantages and disadvantages of credit
- describe the principles of lending and credit
- outline the key differences between secured and unsecured loans
- describe the key features of relevant legislative requirements, industry regulations and codes of conduct, and how they impact on dealings with clients
- define the roles and relationships between participants within the Australian financial services industry, including banks and other financial intermediaries
- describe key features, terms and conditions, and risks of a range of consumer credit facilities, including fees and costs.

Assessment Conditions

Assessment must be conducted in a safe environment where evidence gathered demonstrates consistent performance of typical activities experienced in the credit management field of work and include access to:

- common office equipment, technology and consumables
- financial services product information
- relevant software systems and data
- organisational policy and procedures.

Assessors must satisfy NVR/AQTF assessor requirements.

Links

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<https://vetnet.gov.au/Pages/TrainingDocs.aspx?q=c7200cc8-0566-4f04-b76f-e89fd6f102fe>