



Australian Government

FNSFLT203 Develop knowledge of debt and consumer credit

Release: 1

FNSFLT203 Develop knowledge of debt and consumer credit

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 understand the functions and implications of different forms of credit, and the strategies and methods to make appropriate and effective 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.

It applies to individuals 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
<i>Elements describe the essential outcomes.</i>	<i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i>
1. Identify and discuss role of credit in society	1.1 Identify and discuss 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 and discuss advantages and disadvantages of credit use 1.3 Discuss impact of consumer debt on national economy
2. Identify and discuss	2.1 Identify and compare types of credit facilities used by

ELEMENT	PERFORMANCE CRITERIA
range of credit options available	businesses 2.2 Identify and compare types of credit facilities used by individuals 2.3 Identify and discuss differences between unsecured and secured loans 2.4 Explain 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 and discuss effective use of consumer credit	4.1 Identify and discuss ways to avoid excessive or unmanageable debt 4.2 List strategies to minimise fees on credit 4.3 Discuss importance of meeting minimum payments on credit cards 4.4 Identify and discuss ways to avoid credit card fraud
5. Explain personal credit rating and history	5.1 Describe role of credit reference agencies 5.2 Explain purpose and use of credit reference reports in assessing loan applications 5.3 Identify and discuss implications of establishing a poor credit history 5.4 Describe methods of obtaining own credit reference report and discuss right to access the report

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
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Reading	1.1-1.3, 2.1-2.4, 3.1-3.3, 4.1-4.4, 5.1-5.4	Researches, interprets and compares written information from a range of sources to identify key details relevant to the enquiry
Writing	1.1-1.3, 2.1-2.4, 3.1-3.3, 4.1-4.4, 5.1-5.4	- Documents information accurately using correct spelling, grammar and terminology - Describes concepts accurately and in a format appropriate for the audience and purpose
Oral Communication	1.1-1.3, 2.1-2.4, 3.1-3.3, 4.1-4.4, 5.1-5.4	Participates in verbal exchanges using active listening and questioning to elicit information and develop a clear understanding
Numeracy	3.1-3.3, 4.2, 4.3	Performs a range of mathematical calculations to interpret the impact of varying rates and charges and to compare financial information
Navigate the world of work	1.1-1.3, 2.1-2.4, 3.1-3.3, 4.1-4.4, 5.1-5.4	- Identifies, confirms and understands regulatory requirements - Maintains up-to-date knowledge of debt and consumer credit required for own situation
Get the work done	2.2, 2.2, 3.1-3.3	Uses digital systems and tools to conduct research and complete tasks

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSFLT203 Develop knowledge of debt and consumer credit	FNSFLT203A Develop understanding of debt and consumer credit	Updated to meet Standards for Training Packages Revised title Minor edits to reflect AQF level	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 FNSFLT203 Develop knowledge of debt and consumer credit

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Performance Evidence

Evidence of the ability to:

- clearly explain the role of credit in the community
- discuss the different types of consumer credit options currently available
- clearly explain the associated implications and risks of the various credit schemes available, as well as the implication of establishing a poor credit reference history.

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:

- identify and describe the key principles of lending and credit
- describe the role of credit in society
- outline the key role of financial institutions, regulatory bodies, credit reference agencies and consumer advisory bodies that are involved in the provision and management of credit
- list the advantages and disadvantages of credit
- list examples of fixed and revolving credit facilities
- describe the difference between secured and unsecured loans, and the implications of default on secured loans
- describe how to compare fees and costs, and list ways to minimise fees
- list ways to avoid credit card fraud
- define the term 'credit reference report' and describe how to get one
- list the implications of a poor credit rating.

Assessment Conditions

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

- office equipment, technology, software and consumables
- internet to source information.

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>