



Australian Government

FNSFMK503 Advise clients on financial risk

Release: 1

FNSFMK503 Advise clients on financial risk

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 determine a client's financial risk profile, assess risk management options and produce detailed reports to present findings to clients and other relevant people.

It applies to individuals with specialised knowledge who use analytical skills and systematic approaches to advise and make recommendations in their area of responsibility.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Implementation Guide Companion Volume or the relevant regulator for specific guidance on requirements.

Unit Sector

Financial markets

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. Determine client risk profile	1.1 Use effective communication skills to confirm client's financial needs, expectations and objectives in accordance with organisational requirements 1.2 Obtain valid and relevant information to determine complexity of client needs and analyse their asset and liability management framework 1.3 Assess risk based on understanding of client's personal situation, operating environment or core business 1.4 Establish client's risk tolerance level and discuss with client to confirm risk profile

ELEMENT	PERFORMANCE CRITERIA
2. Assess product risk relative to client risk profile	2.1 Identify a range of products that meet client objectives 2.2 Access information on risk associated with these products using appropriate analytical techniques 2.3 Develop assessment criteria for measuring level of potential or existing risk, together with assessment of consequences in accordance with organisational procedures 2.4 Compare risk for a range of financial products to client's risk profile and stated objectives in accordance with client and organisational requirements 2.5 Assess alternative products and estimate long-term and short-term effects 2.6 Identify, analyse and discuss incidents and factors increasing or diminishing financial performance with client 2.7 Confirm that client understands the risk in any potential strategy recommendation
3. Report findings	3.1 Document risk management alternatives in accordance with organisational requirements and relevant legislation 3.2 Prepare and explain retail client disclosure documents, outlining client responsibilities to client 3.3 Update, modify and accurately maintain client information in accordance with organisational and legislative requirements 3.4 Prepare and file risk analysis documentation in accordance with organisational and legislative requirements

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
Reading	1.2, 1.3, 2.1-2.2, 2.4-2.6, 3.3	Analyses and evaluates complex information from a range of sources to determine requirements and complete necessary actions
Writing	1.2, 2.2-2.4, 2.5, 2.7, 3.1-3.4	- Accurately records and maintains written information using correct formats and protocols - Prepares formal and informal documents using

		accurate terminology, clear language and concepts appropriate for the audience and purpose
Oral Communication	1.1, 1.2, 1.4, 2.6, 3.2	- Participates in verbal exchanges using active listening and questioning skills to confirm understanding and seek feedback - Presents and clarifies information using tone, pace and language appropriate to the audience and purpose
Numeracy	1.2, 2.4, 2.5, 3.1, 3.2, 3.4	Uses mathematical equations to perform calculations and comparative analysis techniques to determine trends and compare financial information
Navigate the world of work	1.1, 2.1, 2.3, 3.1, 3.3, 3.4	Takes responsibility for the provision of timely, accurate, secure and relevant information in accordance with legal and organisational requirements
Interact with others	1.1, 1.2, 2.7, 3.2	- Uses a range of strategies to establish rapport and build a sense of connection with clients - Selects and uses appropriate conventions and protocols when liaising or sharing information with clients
Get the work done	1.2, 1.3, 2.1-2.6, 3.1, 3.3, 3.4	- Accepts responsibility for planning and sequencing complex tasks and workload - Applies systematic and analytical decision-making processes to make recommendations in complex and non-routine situations - Uses the main features and functions of digital tools to complete work tasks, store data and access information

Unit Mapping Information

Code and title current version	Code and title previous version	Comments	Equivalence status
FNSFMK503 Advise clients on financial risk	FNSFMK503A Advise clients on financial risk	Updated to meet Standards for Training Packages Clarified and reordered 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 FNSFMK503 Advise clients on financial risk

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Performance Evidence

Evidence of the ability to:

- determine the risk profile of the client
- interpret and comply with relevant legislation
- assess the impact of financial risks to the client and the organisation, and recommend strategies to control risk
- accurately review and prepare risk assessment findings in a format suitable for presentation, including client disclosure documents
- provide up-to-date information and advice on the risks and benefits of financial products and services.

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 describe key features of client and organisational confidentiality requirements including:

- compare and contrast financial information sources and products
- outline key information to be obtained from clients
- discuss the key risk characteristics
- describe the key features of organisational policy and procedures for establishing client risk profiles and reporting
- discuss the relationship between ethics and regulatory requirements including the key features of relevant legal principles, and disclosure and compliance requirements
- compare and contrast risk assessment criteria and techniques
- analyse key economic environment incidents and factors that can impact on financial performance including:
 - characteristics and impacts of economic and business cycles
 - government monetary and fiscal policies

- interest rates, exchange rates and inflation
- discuss product and strategy sensitivity to conditions including:
 - economic cycle
 - supply and demand
 - economic data
 - exchange rates
 - interest rates
 - government or regulatory policy
 - correlation risk with other markets or asset classes
- outline the key theories of the management of investment and risk.

Assessment Conditions

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

- office equipment, technology, software and consumables
- financial services product information.

Assessors must satisfy NVR/AQTF assessor requirements.

Links

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