



Australian Government

FNSFMK525 Analyse clients' financial risk

Release: 1

FNSFMK525 Analyse clients' financial risk

Modification History

Release	Comments
Release 1	This version first released with FNS Financial Services Training Package Version 5.0.

Application

This unit describes the skills and knowledge required to determine a client's financial risk profile, assess risk management options, produce detailed reports, and provide findings to authorised representatives and other stakeholders.

The unit applies to those with specialised knowledge who use analytical skills and systematic approaches to advise and make recommendations in their area of responsibility. Information relating to clients' financial risk may come from authorised representatives, including financial advisers, or from shareholders, financial organisations, stockbrokers, trustees, agents and intermediaries.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Users are advised to check with the relevant state and territory regulatory authorities to confirm those 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's financial situation and risk profile	1.1 Confirm client's financial needs, expectations and objectives according to organisational requirements 1.2 Obtain valid and relevant information to determine complexity of client needs and client's current asset and liability management framework 1.3 Assess risk based on understanding of client's personal situation, and operating environment or core business 1.4 Establish client's risk tolerance level and discuss with client to

ELEMENT	PERFORMANCE CRITERIA
	confirm risk profile
2. Assess product risk relative to client's risk profile	2.1 Develop assessment criteria for measuring level of potential and existing risk and for assessing associated consequences according to organisational policies and procedures 2.2 Identify range of products that meet client objectives 2.3 Access information on risks associated with these products and investment risk profile using appropriate analytical techniques 2.4 Assess and compare risk of financial products based on understanding of client's personal situation, operating environment and core business
3. Assess risk management options	3.1 Evaluate alternative products according to risk assessment and client requirements and estimate short-term and long-term effects 3.2 Identify, analyse and discuss incidents and factors affecting financial performance with authorised representative 3.3 Determine strategy recommendations based on product evaluation and confirm viability with authorised representative 3.4 Confirm with authorised representative client's understanding of risks relating to potential strategy recommendations
4. Report findings	4.1 Document risk management alternatives according to legislative and organisational requirements 4.2 Prepare retail client disclosure documents that outline client responsibilities 4.3 Update, modify and maintain client information according to legislative and organisational requirements 4.4 Prepare and file risk analysis documentation according to legislative and organisational requirements

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	Uses mathematical equations to perform calculations and comparative analysis techniques to determine trends and compare financial information
Oral communication	Participates in verbal exchanges using active listening and questioning techniques to confirm understanding
Reading	Analyses and evaluates complex information from a range of sources

SKILL	DESCRIPTION
	to determine requirements and complete necessary actions
Writing	- Records and maintains written information using formats and protocols - Prepares formal and informal documents using terminology, language and concepts relevant for the audience and purpose
Planning and organising	Applies systematic and analytical decision-making processes to make recommendations in complex and non-routine situations
Self-management	- Takes responsibility for the provision of timely, accurate, secure and relevant information according to legal and organisational requirements - Accepts responsibility for planning and sequencing complex tasks and workload
Teamwork	Selects and uses relevant conventions and protocols when liaising or sharing information with authorised representatives
Technology	Uses the main features and functions of digital tools to complete work tasks, store data and access information

Unit Mapping Information

Supersedes and is equivalent to FNSFMK503 Advise clients on financial risk.

Links

Companion Volume Implementation Guide is found on VETNet -

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

Assessment Requirements for FNSFMK525 Analyse clients' financial risk

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Performance Evidence

The candidate must demonstrate the ability to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including evidence of the ability to:

- analyse the financial risk profile of at least two different clients.

In the course of the above, the candidate must:

- interpret and comply with legislative requirements
- assess the impact of financial risks to each client and recommend strategies to control risk
- review and prepare risk assessment findings.

Knowledge Evidence

The candidate must be able to demonstrate knowledge to complete the tasks outlined in the elements, performance criteria and foundation skills of this unit, including knowledge of:

- ethics and regulatory requirements relating to analysing clients' financial risk, including:
 - key features of relevant legal principles
 - disclosure and compliance requirements
- organisational policies and procedures for establishing client risk profiles and required reporting
- key principles for managing investment and risk
- financial information sources and products
- client information required for risk profile assessment
- key risk characteristics
- risk assessment criteria and techniques to assess client risk profile and financial product risk
- incidents and factors in economic environment that impact financial performance, including:
 - characteristics and impacts of economic and business cycles
 - government monetary and fiscal policies

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

Assessment Conditions

Skills in this unit must be demonstrated in a workplace or simulated environment where the conditions are typical of those in a working environment in this industry.

This includes access to:

- organisational equipment, technology and software
- financial services product information.

Assessors of this unit must satisfy the requirements for assessors in applicable vocational education and training legislation, frameworks and/or standards.

Links

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