



Australian Government

Department of Education, Employment and Workplace Relations

FNSCRD502A Manage factoring and invoice discounting arrangements

Revision Number: 1

FNSCR502A Manage factoring and invoice discounting arrangements

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to arrange for the factoring of debts or invoice discounting. This unit has application to a variety of financial services sectors and is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements so the varying Commonwealth, State or Territory requirements should be confirmed with the relevant body.
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Application of the Unit

Application of the unit	The unit may be applied within financial organisations of various sizes and across a range of customer bases.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	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. Advise potential clients on appropriate factoring or invoice discounting arrangements	1.1. Different types of arrangements that may be offered to prospective clients are identified 1.2. Clients are advised of the different <i>policies and procedures</i> that should be followed in relation to the different types of products 1.3. Prospective clients' financial position is assessed from information provided and the <i>advantages and disadvantages</i> of various debt assignment options and products 1.4. Clients are advised on the different types of legal assignment of debt that relate to each type of product
2. Manage the relationship between the debtor and factor or invoice discounter	2.1. Information is provided to the debtor as appropriate to the type of product and in accordance with <i>statutory and legislative guidelines</i> 2.2. Debt recovery arrangements including all <i>terms and conditions</i> are established with the debtor
3. Manage the relationship between the client and the factor or invoice discounter	3.1. Clients are advised clearly and comprehensively how the relationship will proceed 3.2. Ongoing monitoring review procedures are established with the client using questioning to confirm full understanding

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- well-developed communication skills to:
 - clarify, discuss and update debt situations with customers using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- numeracy and IT skills to:
 - perform debt factoring calculations
 - use relevant software, spreadsheets and databases
 - access web based information services
- research and analysis for accessing, interpreting and managing business and personal information to determine debt factoring and invoice discounting advantages and disadvantages
- well-developed judgement skills for making debt factoring and invoice discounting determinations
- organisational skills, including the ability to plan and sequence work

Required knowledge

- current organisational policy and procedures for debt factoring
- debt factoring options and characteristics
- relevant current debt management legislation

Evidence Guide

EVIDENCE GUIDE	
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.	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	Evidence of the ability to: • interpret and comply with relevant legislation • accurately check customer accounts • exhibit appropriate empathy to customers • analyse relevant company data.
Context of and specific resources for assessment	Assessment must ensure: • 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 • access to and the use of a range of common office equipment, technology, software and consumables • access to organisational policies and procedures for debt factoring and invoice discounting and relevant legislation.
Method of assessment	A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit: • evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency • verbal or written questioning on underpinning knowledge and skills • setting and reviewing business simulations or scenarios • accessing and validating third party reports.
Guidance information for assessment	

Range Statement

RANGE STATEMENT

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.

Policy and procedures may include, but are not limited to:

- assistance to customers on billing and collection problems
- gathering debt information and its evaluation
- legal obligations and framework
- making billing adjustments to customer account files
- minimising risk
- reviewing and adjusting credit limits for established customers
- trading terms and credit limits.

Advantages and disadvantages may include, but are not limited to:

- cost saving through outsourced administration
- immediate cash flow
- maintenance of good customer relationships
- recovery of costs associated with debt
- risk reduction
- security
- working capital for growth.

Statutory and legislative guidelines may include, but are not limited to:

- appropriate sections of the Tax Act
- Bankruptcy Act
- Bills of Sale and Other Instruments Act
- Cheques and Payment Orders Act
- Corporations Act
- Criminal Act
- equal opportunities legislation
- Fair Trading Act
- Magistrates' Court Act
- National Consumer Credit Protection Acts
- Partnership Act
- Personal Property Security Act
- Privacy Act
- Small Debts Court Act or equivalent
- Trade Practices Act.

Terms and conditions

- agreement components

RANGE STATEMENT

may include, but are not limited to:

- asset control
- cooperation factoring
- debtor administration
- invoice discounting.

Unit Sector(s)**Unit sector**

Credit management

Competency field**Competency field****Co-requisite units****Co-requisite units**