



Australian Government

Department of Education, Employment and Workplace Relations

FNSFLT503A Promote basic financial literacy skills

Revision Number: 1

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Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to develop customer's basic financial literacy skills necessary to make informed financial decisions including the need and purpose of bank accounts, basic savings and investment principles, risk and return, and the role of insurance and superannuation. No licensing, legislative, regulatory or certification requirements apply to this unit at the time of endorsement.
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Application of the Unit

Application of the unit	This unit may be applied within a financial counselling role or within lending roles within various financial institutions. It is particularly aimed at addressing the need for financial literacy among those with a limited understanding of the financial system who are possibly at a disadvantage when making decisions about the use and management of money.
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

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. Identify extent of customer's financial awareness	1.1. Customer's understanding of the financial system, the role of financial institutions in the modern economy and awareness of what money is and how it is exchanged is identified and clarified with the customer where necessary 1.2. Relevant aspects of the customer's own financial situation are clarified and areas of concern are discussed
2. Discuss methods available for spending and saving money	2.1. Options available for the purchase of goods and services are identified and discussed with the customer to determine advantages and disadvantages 2.2. The necessity and means of opening and operating a bank account and the range of accounts available for holding and saving money are identified and advantages and disadvantages of each are discussed with the customer 2.3. Range of methods to access funds is discussed and queries addressed with the customer 2.4. The importance of record keeping for tax purposes and individual money management is discussed with the customer
3. Discuss basic money management principles	3.1. The benefits and means of developing a savings plan and strategy and the role of budgeting is explained and the customer is shown how to compile and implement a budget 3.2. Relationship between risk and return is explained to the customer in a plain language 3.3. Techniques for evaluating alternative financial products and the risks associated with some forms of financial products are discussed with the customer in relation to their situation
4. Discuss the role of other forms of savings and investment options	4.1. The role and benefits of insurance as a means of protecting against events of risk are discussed with the customer 4.2. The role of superannuation and retirement planning including superannuation contributions covering life and permanent disability insurance are explained to the customer 4.3. Ways in which the customer can provide for own future requirements are discussed with the customer

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- communication skills to:
 - clearly explain financial literacy needs and skills to customers and customers, using questioning and active listening as required and responding with empathy in sensitive cases
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- IT skills to use internet information
- literacy skills for:
 - analysing information to ensure appropriateness to customer or customer needs, currency and accuracy
 - drafting documents for customers and customers
- problem solving skills to identify any issues that have the potential to impact on the customer's understanding and develop options
- organisational skills, including the ability to plan and sequence work

Required knowledge

- relevant industry codes of practice including:
 - Consumer Credit Code
 - Privacy Act
 - Credit Act
- relevant State and Territory legislation regarding consumer credit issues
- roles and relationships between participants within the Australian financial services industry, including banks and other financial intermediaries

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:

- empathise and build rapport with customers
- assess customer's existing level of financial literacy
- impart basic financial literacy principles to customers in meaningful ways using plain language.

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 financial services product information.

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
- observing processes and procedures in workplaces or role plays
- verbal or written questioning on underpinning knowledge and skills
- setting and reviewing workplace projects and business simulations or scenarios.

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.

<i>Financial institutions</i> include:	- banks: - domestic - foreign - building societies - credit unions
<i>Relevant aspects of the customer's own financial situation</i> may include:	- age and number of years until retirement - assets and liquidity of assets - earnings per annum - employment status - financial dependence or independence - liabilities - sources of income.
Options to <i>purchase goods and services</i> include:	- lay-by - mortgages for housing purchase - paying part cash, part credit - paying total amount in cash - purchasing total amount on credit.
<i>Accounts</i> available for holding and saving money may include:	- cash management accounts - cheque accounts - First Home Saver accounts - fixed term deposits - online savings accounts - statement savings accounts.
<i>Advantages and disadvantages</i> of different types of accounts may refer to:	- account keeping fees - penalties and other non-government fees and charges - ease of access to funds - minimum opening balance required - rate of interest earned.
<i>Methods to access funds</i> may include:	- Internet or online banking - withdrawal at branch - withdrawal via Automatic Teller Machine (ATM).

RANGE STATEMENT	
Techniques may include	• asking the financial institution for a detailed list of all establishment, legal, valuation and ongoing fees charged • using the comparison rate to evaluate home loan products.
Insurance may include:	• health • home and contents • income protection • motor vehicle • travel.

Unit Sector(s)

Unit sector	Financial literacy
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		