



Australian Government

Department of Education, Employment and Workplace Relations

FNSFMK507A Analyse risk mitigation in the operations process

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 analyse financial markets operations risks and determine appropriate mitigation and treatment methods. This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements so Commonwealth, State or Territory requirements should be confirmed with the relevant body.
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Application of the Unit

Application of the unit	This unit apply to financial markets job roles including managers, specialists and personnel with risk management responsibilities.
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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. Analyse financial market operation risk profiles	1.1.Types and characteristics of <i>financial markets risks</i> are determined 1.2.The organisation's exposure to identified financial markets risks is assessed using <i>existing measures and relevant risk measurement techniques and tools</i> 1.3.Identified risks are ranked against likelihood and organisational impact
2. Identify a risk mitigation strategy for risks	2.1.<i>Risk mitigation options</i> for each risk and <i>treatments</i> for risk mitigation are considered 2.2.Implementation time for each treatment and the <i>costs and benefits</i> arising from the treatment options are quantified and appropriate treatments selected 2.3.Treatment priorities and the adequacy of existing controls are reviewed and the need for additional or alternative controls established
3. Develop risk mitigation recommendations	3.1.Personnel and resources necessary to carry out actions undertaken are formulated 3.2.Viable recommendations are provided to management for each stage of treating organisational risks 3.3.Key indicators of progress and success are determined 3.4.A monitoring system for the effectiveness of risk treatments is developed

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:
 - determine and confirm organisation risk management requirements, using questioning and active listening as required
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- well-developed research and analysis for accessing, interpreting and managing complex information
- highly developed risk assessment and management skills
- well-developed literacy skills for:
 - analysing risk mitigation information to ensure appropriateness to the organisation
 - drafting risk mitigation reports
- problem solving skills to identify any issues that have the potential to impact on risk mitigation strategies and to develop options to resolve these issues when they arise
- planning and organisational skills

Required knowledge

- Australian Standard 4360 Risk Management
- financial markets products and services
- methods of comparing suitability of risk treatment options for particular applications
- relevant financial services legislative and industry code or practice requirements
- risk analysis techniques and tools
- the range of possible financial risk treatment options
- types and characteristics of financial markets risk

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: - effectively apply risk management principles and practices - analyse risks and determine appropriate mitigation strategies - develop sound recommendations on risk mitigation.
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 organisational data - access to Australian Standard 4360 Risk Management.
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 scenarios - evaluating samples of work - 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.

Financial markets risks may include:

- compliance risk
- client credit risk
- fraudulent activity risk
- legal risk
- liquidity risk
- market risk
- operational or security risk
- reputation risk
- settlement agency or bank risk
- systemic risk
- technology inadequacy or failure risk.

Existing measures and relevant risk measurement techniques and tools may include:

- audits and internal surveys
- credit analysis
- documentation and data security
- default procedures
- legal obligations review
- personnel checking procedures
- risk rating and updating processes
- settlement procedures
- technology review
- transaction entry and capture processes.

Risk mitigation options are specific tools including:

- diagnostic tools used to identify and measure risks
- monitoring tools used to monitor risks
- preventative tools used to mitigate risks
- remedial tools used to address crystallised risks.

Treatments are specific solutions within risk mitigation options and may include:

- administrative or policy change
- education and training or personnel
- hedging
- improved security
- insurance of risk
- involvement of external agencies
- reduction of risk by greater control.

RANGE STATEMENT

Costs and benefits may include:

- financial benefits and costs
- non-financial benefits and costs.

Unit Sector(s)

Unit sector

Financial markets

Competency field

Competency field

Co-requisite units

Co-requisite units