



Australian Government

Department of Education, Employment and Workplace Relations

FNSMCA301A Collect debts

Revision Number: 1

FNSMCA301A Collect debts

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	This unit describes the performance outcomes, skills and knowledge required to analyse and research information to determine debtor and debt settlement status of individuals or parties, such as companies or associations and negotiating with and collecting debt. 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 may be applied for debt collection functions within organisations of any size or location.
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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. Plan and prepare procedures	1.1. Client's written instructions are accurately and clearly interpreted 1.2. Debtor file comments are reviewed to enable initial action in line with organisation policies and procedures
2. Assess debtor	2.1. Creditworthiness of debtor or parties in debt is established through the compilation of a valid and relevant credit history to determine appropriate and cost-effective recovery action options 2.2. Information on debtor is cross-referenced for verification when necessary by file or document search and future action determined in line with client capability
3. Negotiate debt payment/settlement within defined parameters	3.1. Most appropriate means of communication is used to establish contact and build rapport with debtor 3.2. Debt settlement is achieved in line with client needs through consultation with debtor, using mutually satisfactory negotiation techniques and appropriate industry codes of conduct 3.3. Agreement to procedure for payment or settlement of debt is confirmed, within organisation policy and guidelines and is comprehensively recorded 3.4. Decision is documented giving reasons for proceeding or not proceeding or taking further action, after discussion with management 3.5. Decision to refer debt for legal action is undertaken, if necessary, in line with organisation policy and guidelines

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

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

Required skills

- communication skills to:
 - determine and confirm debt and debt settlement requirements, using questioning and active listening as required
 - negotiate and use dispute resolution techniques and processes
 - liaise with others, share information, listen and understand
 - use language and concepts appropriate to cultural differences
- numeracy skills to:
 - accurately analyse, record and store data in accordance with organisational requirements
 - calculate debt status and settlement payments
- literacy skills to:
 - read and interpret documentation from a variety of sources and recording, gathering and consolidating credit application information
 - draft reports and letters and complete credit application records
 - develop and implement debt collection processes and underpinning legal obligations
- research skills using current techniques of searching and locating defaulters
- IT skills for accessing and using appropriate software such as spreadsheets and databases and the internet in a collection agency or credit management context
- organisational skills, including the ability to plan and sequence work

Required knowledge

- basic business principles, financial arrangements and legal obligations of sole trader, partnership and organisation businesses
- basic information on securities, loans and principles, factoring, guarantees, indemnity, securities over property, retention of title and liens
- business principles and legal obligations underpinning credit management functions and their relationship to agents
- relevant State or Territory and Commonwealth Acts and regulatory authorities regarding debt collection
- role of the Australian Securities and Investments Commission (ASIC) in relation to:
 - business, principles of limited liability
 - insolvency and bankruptcy
 - principles of association under the Associations Incorporation Act
 - types and principles and obligations of trusts

REQUIRED SKILLS AND KNOWLEDGE

- costing of contracts
- role, procedures and relevant documentation of the various court jurisdictions and appeals procedures involved in debt collection processes

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:

- accurately compile debtors credit history
- build and maintain rapport and trust with clients
- interpret and comply with current legislative requirements and general developments in the credit management and mercantile agents field
- successfully persuade debtors to come to a satisfactory agreement to repay
- apply ethical principles and appropriate industry code of conduct in collection activities.

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 organisation policies and procedures.

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
- 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.

<i>Clients</i> may include:	• banks • building societies • credit unions • employers • managers • supervisors • team leaders • finance companies • financiers • government agencies • other commercial agents • private companies • solicitors.
<i>Organisation policies and procedures</i> may include:	• organisation mission statements • complying with Privacy Act legislation • gathering information and its evaluation • legal obligations and framework • overall organisation goals and objectives • trading terms and credit limits.
<i>Creditworthiness</i> may include:	• a report from a bureau using industry specific information such as trends • appraisal using credit scoring or other system • history of debtor from own database • reports as to creditworthiness from references • reports from a credit reporting agency.
<i>Parties in debt</i> may include:	• a business • a company • an association • an individual.
<i>Means of communication</i> may include:	• legal service documentation • personal discussions with debtors to provide advice and establish a common sense approach to resolution

RANGE STATEMENT	
	• telephone • written advice to debtors who have a history of debt and require formal procedures.
<i>Payment or settlement of debt</i> may include:	• legal procedures required to elicit payment • verbal or written arrangements to proceed to pay • verbal undertaking to pay over a specified term.
<i>Legal action</i> may include:	• applying to court for writ of possession • contacting a sheriff for serving of legal document • garnishee order • issuing a statement of claim • serving demand or legal notices.

Unit Sector(s)

Unit sector	Mercantile agents
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Competency field

Competency field	
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Co-requisite units

Co-requisite units		