

Each standard has a unique number. Each time the standard is changed it is re-published it is given a new version number.

## Demonstrate the steps in the financial advice process relating to client relationships and gathering information

The title gives clear indication of what any candidate credited with this standard knows or can do.

**Level** 5

Standards are registered at one of the 10 approved levels on the NQF, level one being entry level. The level depends on the complexity of the skills and knowledge being recognised, and the responsibility expected of the candidate.

**Credits** 4

Credits reflect the approximate learning time expected for candidates to meet the requirements of the standard. One credit represents approximately 10 hours of learning, practice and assessment.

**Purpose** People credited with this unit standard are able to:

- establish and define the nature and scope of the client and financial adviser relationship; and
- gather client information to identify and analyse client requirements and risk profile.

The purpose summarises the content of standard. Additionally, it may state who the standard is intended for and why they may want to achieve that standard.

**Subfield** Financial Services

**Domain** Financial Advice

The NQF classification system features three tiers: fields, subfields and domains. There are 17 fields [such as 'core generic' and 'service sector']. Within each field there are subfields and within each subfield there are domains. Financial Services is in the 'service sector'.

**Status** Registered

The classification of the standard is either: 'proposed', 'registered' or 'expiring'. If it is expiring the standard is no longer awarded to new candidates. However those already working towards a qualification can still be assessed against the standard until the specified expiry date.

**Status date** 20 February 2009

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**Planned review date** 31 December 2011

When unit standards reach the review date a decision is made by the standards setting body, in conjunction with industry, on whether the standards are to be reviewed now or at a future date – or whether they should be removed from the NQF as they are no longer useful.

**Entry information**

Recommended: Unit 25645, *Demonstrate understanding of the life insurance market and life insurance*, or Unit 25646, *Demonstrate understanding of the health insurance market and health insurance*, or Unit 25647, *Demonstrate understanding of the fire and general insurance market and fire and general insurance*, or Unit 25649, *Apply principles of investment advice*, or demonstrate equivalent knowledge and skills.

The entry information refers to entry to assessment rather than entry to a course and details any underpinning knowledge that is critical to health and safety.

**Accreditation**

Evaluation of documentation and visit by NZQA, industry and teaching professional in the same field from another provider.

Accreditation indicates how NZQA will check that an organisation is capable of delivering this standard.

**Standard setting body (SSB)**

ElectroTechnology Industry Training Organisation

**Accreditation and Moderation Action Plan (AMAP) reference**

0003

The AMAP contains industry requirements regarding an organisation's accreditation to deliver programmes and/or assess against unit standards. It also details the moderation process that accredited organisations will need to engage in. Each standards setting body's AMAP has a unique number [which can be viewed on the NZQA website].

This AMAP can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

**Special notes**

The special notes detail information that will help the interpretation of the standard and/or increase the likelihood of consistent assessment judgement.

- 1 This is the first of three unit standards that cover the six widely-recognised steps in the professional practice of giving financial advice. This unit standard covers steps 1 and 2. Unit 25651, *Demonstrate the steps in the financial advice process relating to the development and presentation of recommendations* covers steps 3 and 4. Unit 25652, *Demonstrate the steps in the financial advice process relating to the implementation and review processes* covers steps 5 and 6.
- 2 This unit standard must be assessed on job in the workplace using naturally occurring evidence in a financial services industry context.
- 3 References  
 Commerce Act 1986;  
 Companies Act 1993;  
 Consumer Guarantees Act 1993;  
 Credit Contracts and Consumer Finance Act 2003;  
 Electronic Transactions Act 2002;  
 Fair Trading Act 1986;  
 Financial Advisers Act 2008;  
 Financial Reporting Act 1993;  
 Financial Service Providers (Registration and Dispute Resolution) Act 2008;  
 Financial Transactions Reporting Act 1996;  
 Health and Safety in Employment Act 1992;  
 Human Rights Act 1993;  
 Income Tax Act 2007;  
 KiwiSaver Act 2006;

New Zealand Bill of Rights Act 1990;  
 NZ IFRS (New Zealand Equivalents to International Financial Reporting Standards) available from <http://www.nzica.com>;  
 Privacy Act 1993;  
 Reserve Bank of New Zealand Act 1989;  
 Securities Act 1978;  
 Securities Markets Act 1988;  
 Superannuation Schemes Act 1989;  
 Trustee Act 1956;  
 industry codes of practice;  
 and all subsequent amendments and replacements.

- 4 All activities must comply with any policies, procedures, and requirements of the organisations involved; the standards of relevant professional bodies including codes of ethics; and any relevant legislative and/or regulatory requirements.
- 5 Definitions  
*Financial situation* – incorporates variables such as a client’s balance of assets, liabilities, incomes, risks, needs and expectations.  
*Financial solution* – recommendations on use of particular financial products and/or services to fit the financial strategy.  
*Personal situation* – incorporates variables such as a client’s personal relationships and obligations, lifecycle stage, overall objectives, level of financial literacy.
- 6 Range – evidence relating to a minimum of three clients is required to cover a representative range of needs and products.

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## Elements and performance criteria

### Element 1

Elements refer to a learning outcome within a standard – together these elements comprise the outcome in the title.

Establish and define the nature and scope of the client and financial adviser relationship.

### Performance criteria

Performance criteria specifies the quantity and quality of the evidence required to meet the outcomes in the element. They set the standard.

- 1.1 Financial solutions offered by the financial adviser and the responsibilities of each party are explained in relation to the candidate’s field of competence.
- 1.2 Disclosure requirements are met and the client is informed of the role of the financial adviser in accordance with relevant industry legislation and codes of practice.
- 1.3 Relevant fee structures and charging methodologies are explained to the client in accordance with relevant industry legislation and codes of practice.
- 1.4 Agreement is reached on the scope of engagement for service to be provided.

### Element 2

Gather client information to identify and analyse client requirements and risk profile.

**Performance criteria**

2.1 Relevant information pertaining to client personal situation and financial situation are identified and documented in accordance with relevant industry legislation and codes of practice.

2.2 Client needs and expectations, timeframe for goals, and priorities are identified in accordance with agreed scope of engagement for service.

Range includes – family obligations, debt position, expectations of income, aversion or tolerance to risk, assets; and may also include but is not limited to – retirement plans, individual investment preferences; timeframe may include – short, medium and long term.

Ranges clarify assessment conditions and ensure that all learners are assessed against the same set of criteria.

2.3 Client risk profile is identified in relation to the scope of engagement for service.

Range risk profile may include – self insuring, risk factors and return expectations, volatility of income and capital, market and sector risk (economic cycle, fixed interest, property, stock market), access restriction on product, economic, specific product risk, borrowing risk/gearing.

**Please note**

Providers must be accredited by NZQA, or an inter-institutional body with delegated authority for quality assurance, before they can report credits from assessment against unit standards or deliver courses of study leading to that assessment.

Industry Training Organisations must be accredited by NZQA before they can register credits from assessment against unit standards.

Accredited providers and Industry Training Organisations assessing against unit standards must engage with the moderation system that applies to those standards.

Accreditation requirements and an outline of the moderation system that applies to this standard are outlined in the Accreditation and Moderation Action Plan (AMAP). The AMAP also includes useful information about special requirements for organisations wishing to develop education and training programmes, such as minimum qualifications for tutors and assessors, and special resource requirements.

**Comments on this unit standard**

Please contact the ElectroTechnology Industry Training Organisation at [reviewcomments@etito.co.nz](mailto:reviewcomments@etito.co.nz) if you wish to suggest changes to the content of this unit standard.

We welcome feedback from users of these standards. All comments to this address are collected and used to inform the review of the standard.