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| Title | Demonstrate understanding of credit and debt on personal finances | | |
| Level | 1 | Credits | 3 |

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| Purpose | People credited with this unit standard are able to demonstrate understanding of credit and debt on personal finances. |
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| Classification | Core Generic > Financial Capability |
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| Available grade | Achieved, Merit, and Excellence |
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| Criteria for Merit | <i>Detailed understanding</i> of credit and debt includes giving examples and linking impacts to personal finances. |
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| Criteria for Excellence | <i>Comprehensive understanding</i> of credit and debt includes giving examples and explaining the impacts on personal finances. |
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Guidance Information

- 1 This unit standard can be awarded with *Achieved*, *Merit*, or *Excellence*. For the *Achieved* grade to be awarded, the outcome must be achieved as specified in the outcome statement. For *Merit* or *Excellence* to be awarded, the candidate must meet the *Merit* or *Excellence* criteria specified above.
- 2 Definitions
Credit means the creation of any form of deferred payment.
Credit providers refer to banks, digital time payment options, credit unions, private lenders, finance companies, and store cards.
Debt means an asset obligation owed by one person to another.
Manageable debt is planned and can be repaid within the budget.
Types of credit refer to personal loan, mortgage, credit card, revolving credit, and buy now pay later options Credit can be secured or unsecured.
Unmanageable debt is when the debt repayment causes the budget to be in deficit.
- 3 References
Responsible Lending Guidelines <https://www.fsf.org.nz/Site/consumer-info/>;
MoneyTalks - <https://www.moneytalks.co.nz/>;
Sorted: Your Independent Money Guide - <https://sorted.org.nz/>.

- 4 Legislation may include:
 Credit Contracts and Consumer Finance Act 2003
 Financial Markets Conduct Act 2013
 Financial Service Providers (Registration and Dispute Resolution) Act 2008
 Privacy Act 2020;
 and all subsequent amendments and replacements.

Outcomes and performance criteria

Outcome 1

Demonstrate understanding of credit and debt on personal finances.

Performance criteria

- 1.1 Credit is described in relation to personal finances.
 Range types of, provider types.
- 1.2 Debt is described in relation to personal finances.
 Range manageable, unmanageable.
- 1.3 Factors affecting credit or debt are described in terms of impacts on personal finances.
 Range factors may include – changes in circumstances, changes in income, interest rates, penalties, administration fees, credit rating. Evidence of four is required.

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| Planned review date | 31 December 2025 |
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Status information and last date for assessment for superseded versions

| Process | Version | Date | Last Date for Assessment |
|--------------|---------|------------------|--------------------------|
| Registration | 1 | 12 December 2013 | 31 December 2018 |
| Republished | 1 | 26 March 2015 | 31 December 2018 |
| Review | 2 | 21 July 2016 | 31 December 2022 |
| Review | 3 | 31 December 2020 | |

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| Consent and Moderation Requirements (CMR) reference | 0226 |
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This CMR can be accessed at <https://www.nzqa.govt.nz/framework/search/index.do>.

Comments on this unit standard

Please contact NZQA National Qualifications Services nqs@nzqa.govt.nz if you wish to suggest changes to the content of this unit standard.

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