

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

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	Description demonstrates detailed understanding of credit and/or debt by giving examples and linking impacts to personal finances.
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Criteria for Excellence	Description demonstrates comprehensive understanding of credit and manageable and unmanageable debt by explaining the impacts on personal finances.
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Explanatory notes

- 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, 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, and hire purchase.
Unmanageable debt is when the debt repayment causes the budget to be in deficit.
- 3 References
Responsible lending guidelines <http://www.fsf.org.nz/>;
Code of responsible borrowing www.familybudgeting.org.nz

- 4 Legislation may include:
 Credit Contracts and Consumer Finance Act 2003;
 Credit (Repossession) Act 1997;
 Financial Advisers Act 2008;
 Financial Service Providers (Registration and Dispute Resolution) Act 2008;
 Privacy Act 1993.

Outcomes and evidence requirements

Outcome 1

Demonstrate understanding of credit and debt on personal finances.

Evidence requirements

- 1.1 Credit is described in relation to personal finances.
 Range use, types of, provider types, cost.
- 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, taxes, interest rates, penalties, credit rating. Evidence of four is required.

Planned review date	31 December 2020
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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	N/A

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

Please note

Providers must be granted consent to assess against standards (accredited) by NZQA, before they can report credits from assessment against unit standards or deliver courses of study leading to that assessment.

Industry Training Organisations must be granted consent to assess against standards by NZQA before they can register credits from assessment against unit standards.

Providers and Industry Training Organisations, which have been granted consent and which are assessing against unit standards must engage with the moderation system that applies to those standards.

Requirements for consent to assess and an outline of the moderation system that applies to this standard are outlined in the Consent and Moderation Requirements (CMR). The CMR 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 NZQA National Qualifications Services nqs@nzqa.govt.nz if you wish to suggest changes to the content of this unit standard.