

<b>Title</b>	<b>Describe credit and debt and their impacts on personal finances</b>		
<b>Level</b>	<b>1</b>	<b>Credits</b>	<b>3</b>

<b>Purpose</b>	People credited with this unit standard are able to describe credit and debt and their impacts on personal finances.
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<b>Classification</b>	Core Generic > Financial Capability
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<b>Available grade</b>	Achieved, Merit, and Excellence
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<b>Criteria for Merit</b>	The description for Merit includes giving examples of how to minimise impacts of credit and debt on personal finances.
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<b>Criteria for Excellence</b>	The description for Excellence includes explaining the relationship and management of credit and debt 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 can be secured or unsecured.

*Credit providers* refer to family/whanau/iwi, banks, digital time payment options, credit unions, private lenders, finance companies, and store cards.

*Debt* refers to 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.

*Personal* refers to an individual, whānau or family unit rather than an iwi, group, business or organisation.

*Unmanageable debt* is when the debt repayment causes the budget to be in deficit.
- 3 References
 

Responsible Lending Guideline - <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.

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## Outcomes and performance criteria

### Outcome 1

Describe credit and debt and their impacts on personal finances.

### Performance criteria

- 1.1 Credit is described in relation to personal finances.  
 Range includes – types of credit, types of credit providers.
- 1.2 Debt is described in relation to personal finances.  
 Range manageable debt, unmanageable debt.
- 1.3 Factors affecting credit and 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.

<b>Planned review date</b>	31 December 2025
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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	29 July 2021	N/A

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

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### Comments on this unit standard

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