

<b>Title</b>	<b>Demonstrate understanding of financial markets and how factors in the economic environment impact on market participants</b>		
<b>Level</b>	<b>5</b>	<b>Credits</b>	<b>10</b>

<b>Purpose</b>	<p>People credited with this unit standard are able to demonstrate understanding of:</p> <ul style="list-style-type: none"> <li>– the role of financial markets and their participants, and the common products by which financial markets are accessed, and</li> <li>– factors in the economic environment that impact on participants and the nature of those impacts.</li> </ul>
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<b>Classification</b>	Financial Services > Financial Services - Professional Practice
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<b>Available grade</b>	Achieved
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## Guidance Information

### 1 References

Financial Advisers Act 2008;  
 Financial Markets Authority Act 2011;  
 Financial Markets Conduct Act 2013;  
 Financial Service Providers (Registration and Dispute Resolution) Act 2008;  
 Reserve Bank of New Zealand Act 1989;  
 and all subsequent amendments and replacements.

### 2 Range

Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment or code.

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## Outcomes and performance criteria

### Outcome 1

Demonstrate understanding of financial markets and systems, market participants, and common types of financial services and products used by consumers.

**Performance criteria**

- 1.1 Describe financial markets and systems and explain their roles and inter-relationships.
- Range financial markets and systems may include but are not limited to share market, bond market, tax system, reinsurance market.
- 1.2 Describe the specific roles of participants in financial markets and systems, and explain their interrelationships.
- Range institutional participants include but are not limited to – banks, other deposit takers, fund managers, insurance companies, superannuation fund managers, trustee corporations, issuers, Reserve Bank of New Zealand, Financial Markets Authority; individual participants may include but are not limited to – financial advisers, brokers, other intermediaries, trustees, the clients of any of these; financial markets and systems participants may include but are not limited to – central bank, other regulators, market operators, trustee and custodial service providers.
- 1.3 Describe common types of financial services and products used by consumers in terms of the needs that they meet.
- Range general insurance, life and health insurance, direct investments, managed investments, banking (cash, deposit, and transaction products), property and personal lending, personal trustee services.

**Outcome 2**

Demonstrate understanding of factors that impact on participants in the financial markets and systems, and explain how those factors affect them.

**Performance criteria**

- 2.1 Describe the key factors in the economic environment that impact on participants in the financial markets and systems.
- Range key factors include but are not limited to – official cash rate, other interest rates, rate of inflation, exchange rates, national and international economic and political events (including monetary and fiscal policies), natural disasters, international financial agencies.
- 2.2 Explain how these factors and changes to them affect participants.

<b>Replacement information</b>	This unit standard was replaced by unit standard 31856 and unit standard 31857.
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**This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.**

**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	19 February 2015	31 December 2022
Review	2	23 January 2020	31 December 2022

**Consent and Moderation Requirements (CMR) reference**

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