

FNSINC401
Apply principles of professional practice
to work in the
financial services industry
4th edition

About the Author



It's a long way to the top if you wanna rock and roll

Peter Bull was born in September 1952.

In 1980–1981 Peter spent a year living in England doing odd jobs and travelling around Europe.

Upon his return he studied Business Computing at Edith Cowan University in Western Australia.

After Peter began teaching computer for beginners, business studies, accounting and MYOB at TAFE a gap in available learning material was identified so he undertook developing a manual for payroll and MYOB appropriate for the course.

The 5th and 6th editions of *Payroll Fundamentals* were published by Software Publications.

Peter also self-published *MYOB for Beginners* which he used to teach his TAFE students.

Peter's energy for life gave him the passion to teach others using a mix of academic requirements, and real-life and fun practical applications.

His favourite saying is AC/DC's 'It's a long way to the top if you wanna rock and roll'.

In 2013 Peter was diagnosed with Alzheimer's and has been unable to update his books.

FNSINC401 Apply principles of professional practice to work in the financial services industry 4th edition

This learning guide supports FNSINC401 Apply principles of professional practice to work in the financial services industry in the Financial Services Training Package 3.0.

ISBN 978-1-925291-61-2

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Software Publications Pty Ltd (ABN 75 078 026 150)

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Unit 3
25 Gibbes Street
Chatswood NSW 2067

www.softwarepublications.com.au

Published and printed in Australia

FNSINC401 Apply principles of professional practice to work in the financial services industry

Application

This unit describes the skills and knowledge required to identify industry professional approaches to procedures, guidelines, policies and standards, including ethical requirements, and to model and meet expectations of these in all aspects of work.

It applies to individuals who work in senior roles in the financial services industry and underpins other specialist units used in all sectors of the industry.

Work functions in the occupational areas where this unit may be used are subject to regulatory requirements. Refer to the FNS Implementation Guide Companion Volume or the relevant regulator for specific guidance on requirements.

Elements and Performance Criteria

| Element <i>Elements describe the essential outcomes.</i> | Performance Criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i> | Page reference |
|--|--|--------------------------------------|
| 1 Identify scope, sectors and responsibilities of industry | 1.1 Identify and consider external forces impacting on financial services industry while carrying out activities | 25–29, 38–39 |
| | 1.2 Identify main sectors of financial services industry and interrelationship between sectors in carrying out activities | 7–21, 27 |
| | 1.3 Identify roles and responsibilities of other participants in financial services industry in carrying out activities | Throughout learning guide |
| 2 Identify and apply guidelines, procedures and legislation | 2.1 Collect, apply and analyse information on relevant legislation, regulations and codes of practice as applied to financial services industry | 26, 29, 51, 85, 66, 79–82, 83–85, 99 |
| | 2.2 Clarify own work practice and regularly refine in light of relevant legislation, regulations and codes of practice, and organisational policy, guidelines and procedures | 66, 68–70, 93–94, 100 |
| | 2.3 Apply relevant codes of practice in an ethical approach to workplace practice and decisions | 91–92, 99–100, 104 |
| 3 Identify sustainability issues | 3.1 Obtain and analyse information on sustainability policies, strategies and impacts on industry from a range of sources | 125–130 |
| | 3.2 Identify and promote environmental sustainability as an integral part of business planning and business opportunity | 22, 125–130 |
| | 3.3 Incorporate and support triple bottom line principles in work planning | 129–130 |

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|--|---|---------------------------|
| 4 Manage information | 4.1 Read and discuss with appropriate persons relevant documents and reports that could impact on work effectiveness and compliance | Throughout learning guide |
| | 4.2 Analyse, evaluate and check documents, reports, data and numerical calculations to meet customer and organisational requirements | 119–138 |
| | 4.3 Present information in format appropriate for audience | 114, 119–124 |
| 5 Participate in and facilitate work team activities | 5.1 Provide feedback to team members to encourage, value and reward individual and team efforts, and contributions | 114 |
| | 5.2 Actively encourage team members to participate in and take responsibility for team activities and communication processes | 106–107, 108–112 |
| | 5.3 Support team to identify and resolve problems which impede its performance | 106–107, 111–114 |
| | 5.4 Ensure own work serves as role model for others and enhances organisation's image and financial services industry | 98–105 |
| 6 Plan work to be completed | 6.1 Determine tasks to be done and identify relevant conditions to work autonomously or in team environment | 106–107, 115–118 |
| | 6.2 Plan work to manage resources, time and priorities | 115 |
| | 6.3 Contribute to organisational planning process as required to achieve service improvement | 114 |
| | 6.4 Adapt to changes in technology and work organisation in timely manner | 115, 119–124 |
| 7 Develop and maintain personal competency | 7.1 Identify and review personal professional development needs and goals on regular basis | 72–75 |
| | 7.2 Clarify and comply with competency, authorisation and licensing requirements | 43, Chapter 5 |
| | 7.3 Seek professional development opportunities that reflect needs and goals in agreed timeframe | 72–75 |

Foundation skills

This section describes language, literacy, numeracy and employment skills incorporated in the performance criteria that are required for competent performance.

| Skill | Performance criteria | Description | Page reference |
|----------------------------|----------------------------------|---|---------------------------|
| Learning | 7.1, 7.3 | <ul style="list-style-type: none"> Identifies, plans and implements strategies to manage gaps in personal knowledge | 72–75 |
| Reading | 1.1-1.3, 2.1, 2.2, 3.1, 4.1, 4.2 | <ul style="list-style-type: none"> Analyses and consolidates information and data from a range of sources, against defined criteria and requirements, and checks for accuracy and completeness | Throughout learning guide |
| Writing | 4.3, 5.1, 6.2 | <ul style="list-style-type: none"> Prepares a range of textual information appropriate for audience for informal and formal purposes | Throughout learning guide |
| Oral communication | 4.1, 4.3, 5.1, 5.2 | <ul style="list-style-type: none"> Participates in verbal exchanges of information using language, tone and pace appropriate to audience and environment | 100, 114 |
| | | <ul style="list-style-type: none"> Uses listening and questioning techniques to elicit the views and opinions of others and to confirm understanding | 106 |
| Numeracy | 3.3, 4.2, 6.2 | <ul style="list-style-type: none"> Performs mathematical calculations to interpret and compare financial data and information | 131–138 |
| | | <ul style="list-style-type: none"> Defines timeframes in accordance with schedule requirements | 115 |
| Navigate the world of work | 2.1-2.3, 3.1, 4.1, 7.2 | <ul style="list-style-type: none"> Accepts responsibility and ownership for the task and makes decisions on completion parameters and the need for coordination with others | 76–94, 98–105, 106–114 |
| | | <ul style="list-style-type: none"> Takes personal responsibility for following explicit and implicit policies, procedures and legislative requirements | 76–94, 98–105, 106–114 |

| Skill | Performance criteria | Description | Page reference |
|----------------------|--|--|-----------------------|
| Interact with others | 2.2, 3.2, 5.1-5.4 | <ul style="list-style-type: none"> Selects and uses appropriate conventions and protocols when communicating with clients and co-workers in a range of work contexts | 106–118 |
| | | <ul style="list-style-type: none"> Recognises when personal values and beliefs impact on work group and implements basic strategies to moderate the effect | 98–99, 102–103 |
| | | <ul style="list-style-type: none"> Recognises and accommodates basic differences and priorities of others | 102–103, 116–118 |
| | | <ul style="list-style-type: none"> Cooperates with others and contributes to work practices where joint outcomes are expected and deadlines are to be met | 106–107 |
| | | <ul style="list-style-type: none"> Recognises behaviours and triggers that contribute to conflict and implements strategies to moderate conflict | 108–112 |
| | | <ul style="list-style-type: none"> Elicits feedback and provides feedback to others to improve self or workgroup behaviours | 73, 118 |
| Get the work done | 1.1-1.3, 2.1, 3.1-3.3, 4.1-4.3, 6.1-6.4, 7.3 | <ul style="list-style-type: none"> Takes responsibility for planning, sequencing and prioritising tasks and own workload for efficiency and effective outcomes | 115–118 |
| | | <ul style="list-style-type: none"> Makes routine decisions and implements standard procedures for routine tasks, using formal decision-making and problem-solving processes for more complex and non-routine situations | 108–112 |
| | | <ul style="list-style-type: none"> Uses the main features and functions of digital tools to complete work tasks and access information | 119–124 |

Assessment for this Unit

This Unit will be assessed by:

- completing exercises in this learning guide and presenting them in a professional format
- completing tasks at the end of this learning guide presenting them in a professional format
- participating in discussions and group activities.

Assessment requirements v3.0

Performance Evidence

| Evidence of the ability to: | Page reference |
|---|--|
| <ul style="list-style-type: none"> • access, interpret and analyse product and service information provided by industry sectors in an effective and timely manner | Chapters 1, 2, 4 and 5 |
| <ul style="list-style-type: none"> • interpret and comply with relevant financial services legislation, regulations and industry codes of practice, and ethics applicable to the workplace | 21, 29–29, 26, 51, 85, 66, 79–82, 83–85, 99, 106–123 |
| <ul style="list-style-type: none"> • recognise and implement sustainability principles and work practices | 22, 125–130 |
| <ul style="list-style-type: none"> • accurately analyse, evaluate and organise relevant information | 29–29, 26, 51, 85, 66, 79–82, 83–85, 99, 106–123 |
| <ul style="list-style-type: none"> • effectively plan work and maintain a team environment, taking into account any constraints and available resources | 106–118 |
| <ul style="list-style-type: none"> • identify and evaluate appropriate professional development opportunities. | 72–75 |

Knowledge Evidence

| To complete the unit requirements safely and effectively, the individual must: | Page reference |
|---|----------------------------|
| <ul style="list-style-type: none"> • discuss environmental or sustainability legislation, regulations and codes of practice applicable to industry and organisations | 125–130 |
| <ul style="list-style-type: none"> • outline the main sectors in the financial services industry and the interrelationships between the sectors | 7–21, 27 |
| <ul style="list-style-type: none"> • explain industry and organisational policy and procedures and ethical behaviours in regard to customer service and administration | 47–49, 66–69, 81–83, 94–94 |
| <ul style="list-style-type: none"> • outline industry and organisational security practices and rationale | 56, 85–87 |
| <ul style="list-style-type: none"> • identify internal administration systems such as accounting systems and databases | 119–124 |
| <ul style="list-style-type: none"> • explain principles, practices and available tools and techniques of sustainability management relevant to the industry context | 22, 125–130 |

| To complete the unit requirements safely and effectively, the individual must: | Page reference |
|---|-----------------------|
| <ul style="list-style-type: none"> • explain key requirements of relevant legislation, statutory requirements and industry codes of practice as they relate to: <ul style="list-style-type: none"> • consumer credit | 9, 14–16, 69–70 |
| <ul style="list-style-type: none"> • privacy | 85 |
| <ul style="list-style-type: none"> • financial transaction reporting | 40, 51 |
| <ul style="list-style-type: none"> • corporations (including accounting standards) | 31 |
| <ul style="list-style-type: none"> • financial services | Chapter 5 |
| <ul style="list-style-type: none"> • identify the economic and political climate relating to the financial services industry | 7–34 |
| <ul style="list-style-type: none"> • explain triple bottom line principles used in work planning. | 129–130 |

When a worker retires from the workforce they can access the money that has accumulated in their superannuation fund and receive it as a lump sum or a monthly payment. The laws surrounding superannuation and taxation are complex and expert advice should be sought.

Anyone, including employees, can make their own payments into a superannuation fund which can be accessed at retirement.

Retail, industry and self-managed funds

Retail funds have a high profile due to their marketing efforts. Household names like AMP and MLC offer superannuation facilities to employers along with insurance, banking and investment services.

Industry funds are owned and operated by industry groups or unions. They do not pay commissions to salespeople or advisors and their fees (how they earn their income) are generally lower than the retail funds.

Self-managed superannuation funds (SMSF) are becoming popular. It means that an individual can set up a do it yourself superannuation fund and avoid the management charges and overhead expenses of the retail and industry funds. That is, you make all the investment decisions instead of paying a superannuation fund to do it. It is not for everyone; it is suggested that you need \$100,000 to invest to get your SMSF started and the cost and effort required to comply with the laws can be significant.

Exercise 8

Search the internet for insurance companies in Australia. Select one company and list the services and products provided by that company.

Submit the completed exercise as instructed by your trainer.

Exercise 9

1. Go to the Australian Taxation Office website www.ato.gov.au and find out what a complying superannuation fund is. Write a definition.
2. Compare one of the superannuation funds provided by AMP to one provided by the industry funds HESTA, CBUS or HostPlus. You should compare returns over a period of time (how much the funds earned) and how much the management fees are. Which fund would you invest in and why?

Submit the completed exercise as instructed by your trainer.

Banking

One of the biggest providers of financial services is the banking sector. Banks will look after your money and pay you interest on that money. They will also lend that money to borrowers.

The main operations of banks include:

- keeping money safe while also allowing withdrawals when needed
- providing cheque books so that bills can be paid and payments can be delivered by post
- providing internet banking facilities allowing bills to be paid and money to be transferred
- providing personal, commercial and mortgage loans (typically loans to purchase a home, property or business)
- issuing credit cards and processing credit card transactions and billing
- issuing debit cards
- allowing financial transactions at branches or by using automatic teller machines (ATMs)
- providing wire transfers of funds overseas and electronic fund transfers
- providing services like standing orders and direct debits so payments for bills can be made automatically
- providing overdraft arrangements
- supplying a cheque guaranteed by the bank itself and prepaid by the customer, such as a bank cheque.

Banks have diversified into other non-bank areas like superannuation, insurance, stockbroking and investment services.

Accounts

Banks provide several types of deposit accounts to put your money in. Personal accounts may have:

- fixed monthly fee
- no fees if a minimum balance is maintained
- internet only access
- cheque facility or credit card as part of a package.

Generally, the day-to-day accounts pay a very low rate of interest in return for giving you ready access to your money. These are known as 'at call' accounts because you can take your money out at any time. Banking is a competitive industry and shopping around for the best account is worthwhile.

A term deposit pays a fixed rate of interest on a fixed amount for a fixed period or term. You can take your money out before the term is up, but there may be penalties involved. Most banks also offer accounts which pay a good rate but require a minimum balance and can only be used with telephone or internet banking in conjunction with a savings account. They are useful for 'parking' some money until it is needed or while you decide what to do with it.

Business accounts address the different needs of the business community. Many businesses still require a cheque account and need a more personal service. Holders of business accounts might also have access to investment and management advice, networking events, seminars, business hints and newsletters.

Workers compensation

Under Australian law, employers are required to have insurance for workers' compensation. This insurance pays the medical bills for employees who suffer injury or illness as a result of their work duties and pays a percentage of their weekly wages while they are off work.

Businesses pay a premium to the insurance company for the insurance cover. The cost is determined by the type of industry, the number of previous claims the business has made and the number of employees. The premium is usually based on a percentage of the wages and salaries paid. Note that compensation payments made to workers are paid by the insurance company, not the employer. All employers have a legal obligation to provide a safe workplace and employers who comply with all safety regulations may have their workers' compensation premiums reduced.

Exercise 20

1. What do you think would be a dangerous industry to work in?
2. What would be a less dangerous industry?
3. List some hazards you might encounter in a typical office.

Submit the completed exercise as instructed by your trainer.

Financial markets

A financial market is a mechanism that allows people to easily buy and sell (trade) financial securities (such as stocks and bonds), commodities (such as precious metals or agricultural goods) and other items of value at low transaction costs. There are different types of markets:

- stock markets, which provide finance through issuing and trading in shares
- commodity markets, which facilitate the trading of commodities such as wheat, oil, wool, some foods
- money markets, which provide short term debt financing and investment
- insurance markets, which facilitate the redistribution of various risks
- foreign exchange markets, which facilitate the trading of foreign exchange.

Product disclosure statement

A product disclosure statement (PDS) is a document listing full details of a financial service so that prospective investors can make an informed decision about whether or not to buy it.

Insurance companies are required to provide a PDS to individuals or businesses wanting to take out insurance and companies need to prepare a PDS when floating on the Stock Exchange. In the case of the company, the statement must detail the anticipated risks and rewards of the venture, financial projections and information about the ownership and management of the company.

Exercise 21

Use the internet to acquire a PDS relating to insurance or an investment.

1. Read through the document to familiarise yourself with the type of information it contains.
2. Write a brief summary of its contents. (Maximum word count 100.)

Submit the completed exercise as instructed by your trainer.

Annual reports

An annual report is produced at the end of the financial year and is a summary of the activities of a company. Public companies are required by law to produce the report and make it available to every shareholder.

Recent changes to Corporations Law allow shareholders to elect to receive a condensed version or not to receive the annual report at all. Printing and mailing annual reports represents a considerable expense to companies and having them available on a website saves money and reduces the impact on the environment.

The report contains the following:

- financial statements, including statement of financial performance (profit and loss), statement of financial position (balance sheet) and a cash flow statement.
- chairperson's or chief executive officer's report commenting on the year's performance and plans and expectation for the coming year.
- report from the directors and information about their backgrounds
- report from the auditors certifying that the accounts are accurate and have been produced in accordance with AASB Standards.

The annual report is an important document and in some ways is the public face of a company. They are read and analysed by the media, academics, bankers and current and potential shareholders.

Exercise 22

Obtain an annual report from a listed company using the internet.

1. Read through the report to familiarise yourself with the type of information it contains.
2. Write a brief summary of the annual report. (Maximum word count 200.)

Submit the completed exercise as instructed by your trainer.

Business names

The laws covering business names vary from state to state so if you are going into business make sure you understand the requirements. In some cases, you do not have to register if you trade under your own name.

Example

Mary Citizen could trade and operate a business using her own name, but if she adds anything to her name, 'Mary Citizen Dressmaking Service' or does not use her name, 'Central Dressmakers' she would be required to register. This enables the proprietors of the business to be identified. Registration also means that name cannot be used by anyone else in that state.

A company name is registered through Australian Securities and Investment Commission but it needs to register its trading name in each state it trades in. So XYZ Pty Ltd could register and trade under the name 'Arctic Airconditioning' in South Australia and would need to register that business name in Victoria if it sets up an office there.

Chapter 3:

A quick tour of the stock market

Scenario

Begin at the beginning

Fred Watts is a scientist who works at a university. One of his hobbies is inventing and after years of experimenting in his garden shed he has developed a battery which is far superior to anything else available. It is particularly suitable for electric cars but needs more development to overcome some minor problems before it can go into production. Fred is excited by the prospect of turning his hobby into a business and decides to set up a factory to manufacture and market the batteries.

This takes a lot of money of course, far more than Fred has, so what to do? He could borrow tens of millions from the bank, but finds that banks are very disinterested because of the amounts involved and the risk that the battery may be a long way from commercial reality. One of the friendlier bank managers suggests that he form a company and sell shares to raise the capital (money) needed to start the venture. Fred discusses this with friends and colleagues and agrees.

He registers a company, Superannuation Battery Pty Ltd which has 100 million shares. He gets a product disclosure statement (PDS) prepared detailing what the battery can do and the expected market it will capture, along with financial projections about the business and information about the directors and Fred who is the chairman.

Fred arranges for Clever Trousers Stockbroking to take care of the 'float'. This refers to a new company coming onto the market; it is 'floated' when its shares are available to the public. The plan is to sell 30 million shares at one dollar each; the remaining 70 million shares will be held in case they need to raise more money later.

One of the directors of Clever Trousers Stockbroking is so impressed by Fred's battery and the PDS that his firm will 'underwrite' the share offering. This means that if the 30 million dollars is not raised because not all the shares were sold, Clever Trousers will act as guarantor and make up any shortfall. This obviously shows confidence in Fred and his battery.

The float is scheduled to take place on 1 April. In the months beforehand, the stockbrokers have been encouraging all their clients to buy shares in Superannuation Battery and to reserve parcels of shares to make sure they get in on the ground floor. Clever Trousers of course will charge Superannuation Battery a fee for all this effort.

The day before the float Fred finishes working at the university and buys a BMW.

The big day arrives and Superannuation Battery is listed on the ASX. Listing simply means that now its shares are officially available to be bought and sold. The backroom boys at Clever Trousers have done such a good job of promoting this company that there is a high demand for the shares.

This demand means that people are prepared to pay more than \$1.00 per share just to get a piece of the action. Those with an eye for a quick profit take advantage of this and tell their brokers to put their shareholding up for sale at \$1.20 per share.

The main objectives of Insurance Council are:

- Represent members' interests in both domestic and international issues.
- Represent the general insurance sector to government and the community.
- Anticipate and assist the industry to meet the needs of consumers and the community generally.
- Improve the Industry's image.
- Promote community awareness of the role and benefits of insurance.
- Encourage improved service standards across the insurance sector and promote appropriate self-regulation.
- To promote private sector provision of insurance services.
- To effectively and efficiently manage Insurance Council of Australia resources.⁴⁵

As the peak representative body the Council's members are insurance companies rather than individuals. The media often get a spokesperson from the Insurance Council to comment on insurance issues, particularly after a disaster like fire or flood.

Exercise 55

Visit the Insurance Council website www.insurancecouncil.com.au > For Consumers. Read some of the tips the website provides to consumers and summarise them in your own words.

Submit the completed exercise as instructed by your trainer.

Codes of practice

Industry codes of conduct or codes of practice have been developed by a number of industry associations in the financial services sector. The content of each of these codes is different. Each code sets out the service standards that can be expected when dealing with a company that subscribes to that code.

Membership of an industry code is normally voluntary; however, many companies have chosen to adopt a code applicable to their sector.

ASIC and financial services codes

ASIC has the power to approve codes in the financial services sector. They have released a policy statement [PS 183] (23 February 2005) which sets out how they will approve codes. Industry associations are not required to seek ASIC's approval of their code but may choose to do so.

Codes submitted for approval should satisfy the following key criteria:

- freestanding and written in plain English
- comprehensive body of rules (not a single issue guideline)
- enforceable against subscribers
- developed in a consultative way with key stakeholders
- effectively and independently administered
- adequately promoted
- that compliance with a code is monitored and enforced
- containing appropriate remedies and sanctions
- subject to a mandatory review every three years.

⁴⁵ Retrieved January 2008 from www.insurancecouncil.com.au

Chapter 6: The legal framework

All of the government organisations like the ATO and APRA were set up by Parliament. A Bill was drafted giving these bodies the right and the power to administer the laws and to take legal action against those who broke them. Once the Bill was agreed to by the Federal Parliament and assented to then a series of Acts created and empowered the respective bodies. The organisations must operate within the law in the areas specified by the laws. The ATO could not investigate breaches of competition law; that must be done by ASIC. The ATO can only get involved in the areas spelt out in its Act like taxation issues. There are many laws applicable to the financial services sector.

Corporate Law Economic Reform Program (CLERP)

The reform program began in 1997 and has been introduced in stages since then. It is now up to stage 9. A speech by The Hon. Joe Hockey, MP, Minister for Financial Services and Regulation in 1999 summarises what CLERP would achieve:

The Corporate Law Economic Reform Program was born out of the Wallis Inquiry. It will reform many of our outdated and overlapping corporate laws with a specific emphasis on such initiatives as:

- The simplification of the process of fundraising for small business, especially regarding prospectus requirements.
- The harmonisation of Australian Accounting Standards in line with international practice, making our accounts more comparable and transferable across jurisdictions.
- The streamlining of the licensing of financial providers as well as set the minimum disclosure levels for all financial products.

These reforms will be a key tool in promoting innovation. They will promote business especially to new markets. They will protect and reassure consumers. And they will maintain the integrity of the Australian market for financial services.⁵²

Some of the key principles of CLERP include:⁵³

- cost/benefit analysis of proposed changes;
- development of a regulatory and legislative framework that is consistent, flexible, adaptable and cost effective;
- the reduction of transaction costs for firms and other market participants;
- an appropriate balance between government regulation and industry regulation;
- the removal of barriers to entry for service providers; and
- improved harmonisation between Australia's regulatory framework with those applying in major world financial markets.

⁵² Speech at the Liberal Party Corporate Portfolio Lunch, Sydney 15/9/1999

⁵³ Retrieved January 2008 from www.treasury.gov.au

Chapter 7:

Culture, standards and ethics

Any business or employer has standards, procedures and responsibilities to customers, suppliers and employees. Because of the nature of the work, the financial services sector has some extra requirements.

Ethics

Ethics is a difficult term to define. It has to do with moral standards that help us decide between and control right and wrong conduct. Many things that are unethical are also unlawful. For instance, if someone collapsed on the street it would be unethical to steal their wallet. Of course it is illegal as well, but taking advantage of someone's misfortune is the unethical part. A student might offer a large cash bribe to a teacher in return for getting a good result. It would be extremely unethical for the teacher to accept and would probably contravene a code of conduct.

In the financial services area you are dealing with other people's money and personal information and this requires ethical standards that may not be found in other industries. Customers will place their trust and faith in you and the quality of your advice. They come to you because they see you as an expert in the financial field. For instance, if you were a financial advisor, would you recommend that a client invest their money in a forthcoming property development that you knew was high risk:

- just because the developer paid you a higher commission than other investments?
- because the developer was a relative of yours?
- because you had invested money in it and wanted the project to start?

Some ethical considerations

1. An employee of an insurance company has a relative who owns a home security business. Is it ethical for them to inform their relative of homes that have just been burgled so that he could sell alarms or security screens? Should they declare their family connection to their employer?
2. Would you encourage clients to buy more insurance cover than they need? Are there any circumstances that would justify doing that?
3. Your brother runs a business that is owed money by another business which has several accounts at the bank where you work. You tell your brother about the financial position of the business. Is that ethical behaviour? What considerations are there?
4. In investments, the term 'ethical' is used to describe the nature of a business's activities. Some people do not want to buy shares in companies that are involved in selling tobacco products, testing drugs or products on animals, uranium mining, logging trees, armaments production or gambling. Some managed investment and superannuation funds offer investments that do not earn an income from these activities.

Problem solving

Problems in the day-to-day operation of a business can arise from a number of sources including:

- customers
- suppliers
- employees
- contractors
- product deficiency
- equipment
- finance
- climate.

Identifying problems

It is obviously better to identify problems as soon as possible and well before they reach crisis point. Problems may be identified through a variety of means including:

- routine planned maintenance of equipment disclosing issues
- plant and other equipment breakdowns
- vehicle servicing showing faults needing attention
- audits uncovering weaknesses in financial and other controls
- reports showing downward trend in sales and upward trend in costs
- accidents highlighting work health and safety weaknesses
- environmental issues such as spills, leakages and air pollution
- system failures, e.g. computer breakdowns
- age of equipment
- level of interest being paid on loans
- staff conflicts and performance
- breaches of compliance with laws and regulations
- appearance of workplaces, e.g. factories, shops
- customer feedback
- criticism from stakeholders, e.g. suppliers, shareholders and employees
- workloads/backlogs
- disasters, e.g. fire
- climate, e.g. rainfall.

Each of these problem areas needs a different approach to being resolved, some of which are self-evident, e.g. vehicle faults need to be repaired and/or vehicles replaced.

In regard to customer feedback, it is usually well worth a business putting the following in place:

- make it easy for customers to complain if they are dissatisfied
- deal with the complaint straight away through a complaint-handling system
- make sure staff are trained to handle complaints well and have the authority to resolve problems.⁷⁴

74 Barry, H. (2009). BSBMGT515A Manage operational plan. Sydney: Software Publications Pty Ltd (ISBN 1-74123-972-9)

Chapter 9:

Workplace technology

Most organisations use a wide range of technology. The type of equipment will depend on the nature of the work being carried out and the number of people working.

Hardware

Hardware is any physical equipment or component thereof:

- calculator
- camera
- computer
- monitor
- printer
- router
- scanner
- smartphone
- tablet.

Software

Software is required for some hardware. It is the coding that makes the equipment work, e.g.:

- Android
- IOS.
- Windows.

Applications

Applications (programs) are the software used to perform tasks:

- Google Chrome
- iTunes
- Live Traffic
- Microsoft Excel
- MYOB AccountRight.

While the types of applications are endless, there are a handful of standard applications used in a workplace environment.

Chapter 10:

Sustainability and the workplace

Sustainability policies

The business community has become very aware of their environmental responsibilities and their impact on the world. Some of the awareness is due to rules and regulations covering the environmental impact of the products or services. For example, vehicle manufacturers must produce cars and trucks that do not exceed limits for carbon emissions, as well as meeting crash test standards.

Businesses have also realised that 'being green' is good for their public image and reputation, and in many cases have improved their profit by using energy efficient light globes, reusing packaging or insulating buildings or machinery.

The federal Department of Climate Change and Energy Efficiency is the body responsible for responding to climate change. Their mission statement says:

Our mission

To support government in developing a more prosperous and sustainable Australia by leading and coordinating the mitigation of greenhouse gas emissions, promotion of energy efficiency, adaptation to climate change and shaping of global solutions.

We do this through:

- advice to the government that is of the highest quality, is integrated, objective and well-informed
- ensuring quality outcomes through effective design and delivery of legislation, programs, services and regulatory administration
- building improved understanding of climate change risks, opportunities and responses
- effectively engaging and communicating with the Australian public and stakeholders.⁷⁸

The Department of Climate Change and Energy Efficiency also administers the National Greenhouse and Energy Reporting Act 2007. Using a system of self-assessment, businesses report their energy use or production and their production of greenhouse gases. Getting some idea of the quantities of energy used and gases produced will be very useful in future planning for a carbon tax or an emissions trading scheme.

As a guide, businesses emitting more than 25,000 tonnes of carbon dioxide equivalent or consuming more than 25,000 megawatts of electricity or 2.5 million litres of fuel in a year, can expect to be required to report.⁷⁹

78 Retrieved January 2008 from www.climatechange.gov.au/publications/about/corporate-plan

79 Retrieved January 2008 from www.climatechange.gov.au/government/initiatives/national-greenhouse-energy-reporting/business-need-to-report.aspx

Assessment

Evidence guide

Elements and Performance Criteria

| Element <i>Elements describe the essential outcomes.</i> | Performance Criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i> | How will the evidence be gathered? |
|--|--|---|
| 1 Identify scope, sectors and responsibilities of industry | 1.1 Identify and consider external forces impacting on financial services industry while carrying out activities | Assessment task 3 |
| | 1.2 Identify main sectors of financial services industry and interrelationship between sectors in carrying out activities | Assessment task 3 |
| | 1.3 Identify roles and responsibilities of other participants in financial services industry in carrying out activities | Assessment task 3 |
| 2 Identify and apply guidelines, procedures and legislation | 2.1 Collect, apply and analyse information on relevant legislation, regulations and codes of practice as applied to financial services industry | Assessment task 2 Assessment task 5 |
| | 2.2 Clarify own work practice and regularly refine in light of relevant legislation, regulations and codes of practice, and organisational policy, guidelines and procedures | Assessment task 6 |
| | 2.3 Apply relevant codes of practice in an ethical approach to workplace practice and decisions | Assessment task 2 |
| 3 Identify sustainability issues | 3.1 Obtain and analyse information on sustainability policies, strategies and impacts on industry from a range of sources | Assessment task 7 |
| | 3.2 Identify and promote environmental sustainability as an integral part of business planning and business opportunity | Assessment task 7 |
| | 3.3 Incorporate and support triple bottom line principles in work planning | Assessment task 7 |
| 4 Manage information | 4.1 Read and discuss with appropriate persons relevant documents and reports that could impact on work effectiveness and compliance | Assessment task 7 |
| | 4.2 Analyse, evaluate and check documents, reports, data and numerical calculations to meet customer and organisational requirements | Assessment task 2 |
| | 4.3 Present information in format appropriate for audience | Assessment task 2 |

| Element <i>Elements describe the essential outcomes.</i> | Performance Criteria <i>Performance criteria describe the performance needed to demonstrate achievement of the element.</i> | How will the evidence be gathered? |
|--|---|---|
| 5 Participate in and facilitate work team activities | 5.1 Provide feedback to team members to encourage, value and reward individual and team efforts, and contributions | Assessment task 8 |
| | 5.2 Actively encourage team members to participate in and take responsibility for team activities and communication processes | Assessment task 8 |
| | 5.3 Support team to identify and resolve problems which impede its performance | Assessment task 8 |
| | 5.4 Ensure own work serves as role model for others and enhances organisation's image and financial services industry | Assessment task 8 |
| 6 Plan work to be completed | 6.1 Determine tasks to be done and identify relevant conditions to work autonomously or in team environment | Assessment task 8 |
| | 6.2 Plan work to manage resources, time and priorities | Assessment task 1 |
| | 6.3 Contribute to organisational planning process as required to achieve service improvement | Assessment task 7 |
| | 6.4 Adapt to changes in technology and work organisation in timely manner | Assessment task 1 |
| 7 Develop and maintain personal competency | 7.1 Identify and review personal professional development needs and goals on regular basis | Assessment task 4 |
| | 7.2 Clarify and comply with competency, authorisation and licensing requirements | Assessment task 4 |
| | 7.3 Seek professional development opportunities that reflect needs and goals in agreed timeframe | Assessment task 4 |

Assessment requirements v3.0

Performance Evidence

| Evidence of the ability to: | How will evidence be collected? |
|---|---|
| <ul style="list-style-type: none"> access, interpret and analyse product and service information provided by industry sectors in an effective and timely manner | Assessment task 1 Assessment task 2 Assessment task 3 Assessment task 4 Assessment task 5 Assessment task 6 Assessment task 7 |
| <ul style="list-style-type: none"> interpret and comply with relevant financial services legislation, regulations and industry codes of practice, and ethics applicable to the workplace | Assessment task 2 Assessment task 5 |

| Evidence of the ability to: | How will evidence be collected? |
|--|---|
| <ul style="list-style-type: none"> recognise and implement sustainability principles and work practices | Assessment task 7 |
| <ul style="list-style-type: none"> accurately analyse, evaluate and organise relevant information | Assessment task 3 Assessment task 4 Assessment task 5 Assessment task 6 Assessment task 7 |
| <ul style="list-style-type: none"> effectively plan work and maintain a team environment, taking into account any constraints and available resources | Assessment task 1 Assessment task 8 |
| <ul style="list-style-type: none"> identify and evaluate appropriate professional development opportunities. | Assessment task 4 |

Knowledge Evidence

| To complete the unit requirements safely and effectively, the individual must: | How will evidence be collected? |
|---|---|
| <ul style="list-style-type: none"> discuss environmental or sustainability legislation, regulations and codes of practice applicable to industry and organisations | Assessment task 7 |
| <ul style="list-style-type: none"> outline the main sectors in the financial services industry and the interrelationships between the sectors | Assessment task 3 |
| <ul style="list-style-type: none"> explain industry and organisational policy and procedures and ethical behaviours in regard to customer service and administration | Assessment task 2 Assessment task 3 |
| <ul style="list-style-type: none"> outline industry and organisational security practices and rationale | Assessment task 3 |
| <ul style="list-style-type: none"> identify internal administration systems such as accounting systems and databases | Assessment task 1 Assessment task 2 Assessment task 5 |
| <ul style="list-style-type: none"> explain principles, practices and available tools and techniques of sustainability management relevant to the industry context | Assessment task 7 |
| <ul style="list-style-type: none"> explain key requirements of relevant legislation, statutory requirements and industry codes of practice as they relate to: <ul style="list-style-type: none"> consumer credit | Assessment task 3 |
| <ul style="list-style-type: none"> <ul style="list-style-type: none"> privacy | Assessment task 2 Assessment task 3 |
| <ul style="list-style-type: none"> <ul style="list-style-type: none"> financial transaction reporting | Assessment task 3 |
| <ul style="list-style-type: none"> <ul style="list-style-type: none"> corporations (including accounting standards) | Assessment task 3 |
| <ul style="list-style-type: none"> <ul style="list-style-type: none"> financial services | Assessment task 2 Assessment task 3 |
| <ul style="list-style-type: none"> identify the economic and political climate relating to the financial services industry | Assessment task 3 |
| <ul style="list-style-type: none"> explain triple bottom line principles used in work planning. | Assessment task 7 |

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