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| **Core 1** | **Build good relationships and communicate ethically and professionally with clients** |

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| **Kaupae |** Level | 5 |
| **Whiwhinga |** Credit | 20 |
| **Whāinga |** Purpose | This skill standard is for people who want to build knowledge and skills to provide advice on regulated financial advice products. This skill standard will provide learners with the knowledge and skills to build relationships and communicate fairly, ethically, and professionally with clients as a financial adviser. This skill standard has been developed primarily for the assessment within programmes leading to the New Zealand Certificate in Financial Services (Level 5) [Ref: 2315]. |

**Hua o te ako me Paearu aromatawai |** Learning outcomes and assessment criteria

| **Hua o te ako |** Learning outcomes  | **Paearu aromatawai |** Assessment criteria |
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| 1. Build client relationship in a fair, ethical, and professional manner in a financial advice services context.
 | 1. Apply a process to initiate and establish relationship with client.
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| 1. Use effective questioning and listening techniques to understand and elicit client circumstances and needs.
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| 1. Determine ability to provide advice and apply appropriate action.
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| 1. Define and establish scope of service for engagement with client.
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| 2. Communicate with clients in a financial advice services context.  | 1. Communicate with the client in a clear and effective manner, including explaining a process and managing client expectations on response times.
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| 1. Adapt messaging with client to suit client background and level of financial understanding.
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| 1. Use concept checking to ensure client understands the content, risks, and consequences of proceeding or not proceeding with the advice provided and apply appropriate action.
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| 1. Communicate and gain agreement with client throughout the relationship.
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| 3. Maintain adequate records of client interactions as a financial adviser.  | a. Create and maintain adequate records in relation to client interactions of financial advice service.  |
| b. Protect and keep client information secure.  |
| 1. Apply relevant legislation, frameworks and the six step process as a financial adviser.
 | 1. Explain financial advice in accordance with relevant legislation and the six step advice process.
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| b. Interpret relevant legislation and frameworks when providing financial advice.  |
| c. Interpret the role of and expectations of the Code of Professional Conduct for Financial Service Providers.  |

**Pārongo aromatawai me te taumata paearu |** Assessment information and grade criteria

*Assessment specifications:*

Assessment should use real or realistic documentation where appropriate. Simulated examples are permitted.

Learners are not expected to use tools and systems that are only available if they are available to a licenced financial advice provider or having a licence to use.

Any use of digital advice tools or artificial intelligence will need to be used in accordance with relevant organisational and industry codes of conduct and practice.

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.

Assessments of any aspects of the Six Step Process require that candidates can describe the process at a similar level to the many summarised forms that are published by local and international financial planning industry participants. Candidates are not required to be familiar with the formal terms of ISO 22222.

This skill standard is designed to cover the theory components of the six step advice process. It is recommended that skill standards aligned to the specialty strands be undertaken in conjunction with this skill standard to allow for the assessment of technical components of the financial advice six step process.

*Client* also includes potential clients. Clients may be Trust, business, individual, family.

*Definitions*

*Client understanding financial advice* refers to client having sufficient understanding of

content, risks, consequences of the advice and the nature of any ongoing and other services related to the financial advice, to be able to make timely and informed decisions about the financial advice.

***Ngā momo whiwhinga |*** *Grades available*

Achieved

**Ihirangi waitohu |** Indicative content

Communicate in a clear, and effective manner

* + - * Standard 4 of [Code of Professional Conduct for Financial Advice Services](https://financialadvicecode.govt.nz/wp-content/uploads/2021/03/codeofprofessionalconduct-march2021.pdf)
* client level of financial literacy
* client knowledge of financial products
* client financial background.

Define and establish scope of service/advice with client

* client personal circumstances (vulnerability indicators)
* client goal or need for type of financial advice
* setting expectations between adviser and client
* meeting disclosure requirements
* obtaining privacy acknowledgement
* establishing scope of service
* any known limitations to the service
* obligations of parties
* agreeing nature of remuneration for the service.

Concept checking techniques

* pause and reflect
* situational questions.

Client understanding financial advice

* whether the financial advice is based on valid assumptions about the client’s circumstances
* whether to follow the financial advice
* whether the fees and costs associated with following the financial advice, such as those of any financial advice product or platform, are acceptable
* whether and when to seek additional financial advice.

Record keeping

* Standard 5 of the [Code of Professional Conduct for Financial Advice Services](https://financialadvicecode.govt.nz/wp-content/uploads/2021/03/codeofprofessionalconduct-march2021.pdf)
* Customer Relationship Management system (CRM)
* Financial Markets Authority (FMA) Standard Conditions for full financial advice provider licence. Standard 1 – Record keeping.
* recording why and how advice was provided
* evidence of adequate financial advice, logging of client interactions
* ability to retrieve records for inspection and being readily available
* responsible use of technology, such as digital assessment tools, and artificial intelligence.

Six Step Process refers to the financial services industry standard for the provision of personal financial advice internationally, derived from ISO 22222: 2005 Personal Financial Planning.

Relevant legislation and frameworks include

* Code of Professional Conduct for Financial Advice Services - <https://financialadvicecode.govt.nz/>
* Customer vulnerability and expectations for providers - [CustomerVulnerability-ourexpectationsforproviders.pdf (fma.govt.nz)](https://www.fma.govt.nz/assets/Reports/CustomerVulnerability-ourexpectationsforproviders.pdf)
* Financial Markets Authority - [Record-keeping-for-financial-advice-providers.pdf](https://www.fma.govt.nz/assets/Information-sheets/Record-keeping-for-financial-advice-providers.pdf) (May 2022)
* Financial Markets Authority – [Standard Conditions for full financial advice provider licences November 2020](https://www.fma.govt.nz/assets/Licensing-guides/Standard-Conditions-for-full-FAP-licences.pdf)
* Financial Markets Conducts Act 2013
* Financial Markets (Conduct of Institutions) Amendment Act 2022
* ISO 22222:2005 Personal Financial Planning – Requirements for personal financial planners, available from <https://www.iso.org>
* [Privacy Act 2020](https://www.legislation.govt.nz/act/public/2020/0031/latest/LMS23223.html);

and their subsequent amendments or replacements.

**Rauemi |** Resources

* Industry and organisational manuals and standard operating procedures on client relationship building and conduct.
* Financial Markets Authority- [Understanding Artificial Intelligence in Financial Services (July](https://www.fma.govt.nz/assets/Research/Understanding-Artificial-Intelligence-in-Financial-Services.pdf) 2024) by Mikayla Pakinga-Lawson, Amie White, Stuart Johnson.

**Pārongo Whakaū Kounga |** Quality assurance information

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| **Ngā rōpū whakatau-paerewa |** Standard Setting Body | Ringa Hora Services Workforce Development Council  |
| **Whakaritenga Rārangi Paetae Aromatawai |** DASS classification | Service Sector> Financial Services> Professional Practice  |
| **Ko te tohutoro ki ngā Whakaritenga i te Whakamanatanga me te Whakaōritenga |** CMR | 0003 |

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| **Hātepe |** Process | **Putanga |** Version | **Rā whakaputa |** ReviewDate | **Rā whakamutunga mō te aromatawai |** Last date for assessment |
| **Rēhitatanga |** Registration  | 1 | [dd mm yyyy] | [dd mm yyyy] |
| **Kōrero whakakapinga |** Replacement information | N/A |
| **Rā arotake |** Planned review date | 2030 |

Please contact Ringa Hora Services Workforce Development Council at qualifications@ringahora.nz to suggest changes to the content of this skill standard.