



FINANCE 52.0801.00

TECHNICAL STANDARDS

An Industry Technical Standards Validation Committee developed and validated these standards on March 23, 2022. The Arizona Career and Technical Education Quality Commission, the validating authority for the Arizona Skills Standards Assessment System, endorsed these standards on May 25, 2022.

Note: Arizona's Professional Skills are taught as an integral part of the Finance program.

The Technical Skills Assessment for Finance is available SY2023-2024.

Note: In this document i.e. explains or clarifies the content and e.g. provides examples of the content that must be taught.

STANDARD 1.0 ANALYZE FINANCIAL INSTITUTIONS, THEIR SERVICES AND PRODUCTS

- 1.1 Differentiate among retail banking, corporate banking, and financial services
- 1.2 Identify types of financial institutions (e.g., central banks, retail and commercial banks, internet banks, credit unions, federal associations, investment banks, investment companies, brokerage firms, insurance companies, and mortgage companies)
- 1.3 Describe functions, services, and products offered at various financial institutions [e.g., checking accounts, savings accounts, debit and credit cards, cashier checks, money market accounts (MMAs), and certificates of deposit (CDs)]
- 1.4 Explain cryptocurrency and how it works
- 1.5 Define common banking terms (e.g., ATM, USA.Gov/Consumer, deposit, withdrawal, and fees)
- 1.6 Evaluate how financial institutions operate as a business to generate income
- 1.7 Explain the three key entities and the five key functions of the Federal Reserve System
- 1.8 Explain the roles of the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA)

STANDARD 2.0 ANALYZE COMPLIANCE AND REGULATORY REQUIREMENTS FOR THE SECURITY OF FINANCIAL INSTITUTIONS

- 2.1 Explain legislation enacted to assist with the security of financial institutions (e.g., BSA, OFAC, U.S. Patriot Act, CIP, and AML)
- 2.2 Explain the checks and balances system for protecting financial institutions from monetary loss (e.g., dual control, auditing, and prohibited transactions)
- 2.3 Analyze methods to protect consumer privacy and to prevent identify theft (e.g., Reg-P and Red Flags rule)
- 2.4 Identify preventive measures to protect entities and consumers from fraud
- 2.5 Explain financial cybersecurity compliance (i.e., the adherence laws and security regulations setting the minimum standard for data security within the financial industry)
- 2.6 Explain how a bank secures transactions and personal information online (i.e., using encryption software that converts the information into code that only your bank can read)
- 2.7 Evaluate reasons for keeping employer and customer information confidential and/or privileged

STANDARD 3.0 ANALYZE TYPES OF SECURITIES AND RELATED INVESTMENTS

- 3.1 Explain the importance of investing (i.e., builds wealth, retirement, taxes, etc.)
- 3.2 Explain the Rule of 72 and the value of long-term investing
- 3.3 Contrast short-term financial decisions with long-term investing goals
- 3.4 Define investment portfolio and investments that contribute to financial growth and success [i.e., stocks, bonds, commodities, cash, closed-end funds, exchange traded funds (ETFs), etc.]
- 3.5 Differentiate between aggressive and conservative investment strategies
- 3.6 Compare and contrast an 80/20 versus 60/40 investment portfolio
- 3.7 Differentiate the scope and practices of the SEC (Securities and Exchange Commission) and the FINRA (Financial Industry Regulation Authority)
- 3.8 Examine domestic and global economic conditions that impact financial investments

Note: In this document i.e. explains or clarifies the content and e.g. provides examples of the content that must be taught.

- 3.9 Identify and explain the four types of security (e.g., debt, equity, derivative, and hybrid)
- 3.10 Examine types of real estate investments (e.g., commercial and residential)
- 3.11 Explore the benefits and liabilities of owning rental property

STANDARD 4.0 ANALYZE CONSUMER INSURANCE SERVICES

- 4.1 Define insurance
- 4.2 Differentiate between consumer and non-consumer insurance
- 4.3 Explain the purpose of insurance (e.g., reduce financial uncertainty and make accidental loss manageable)
- 4.4 Identify the types, costs, and benefits of insurance (e.g., life, health, property, liability, and debt protection)
- 4.5 Explain the role of the Arizona Department of Insurance and Financial Institutions
- 4.6 Identify resources to educate consumers on insurance (i.e., apps, games, quizzes, publications, etc.)
- 4.7 Define commonly used insurance terms and definitions (e.g., developed by the NAIC Research and Actuarial Department and Office of the Insurance Commissioner)
- 4.8 Research different types of insurance careers [i.e., corporate, independent, captive; life, health, P/C (property and casualty) insurance, etc.]

STANDARD 5.0 ANALYZE CONSUMER CREDIT AND LENDING PRACTICES

- 5.1 Identify common types of consumer loans (e.g., mortgage, auto loan, education loan, personal loan, refinance loan, and credit card)
- 5.2 Describe lending regulations (e.g., Reg-B, Reg-V, and Reg-Z)
- 5.3 Examine characteristics of secured and unsecured credit
- 5.4 Describe the types of credit (e.g., revolving, non-revolving, secured, and unsecured)
- 5.5 Explain the role of credit reports and credit scoring (e.g., FICO and other scoring methodologies and models)
- 5.6 Examine the purpose of credit bureaus (e.g., Transunion, Equifax, and Experian)
- 5.7 Explain the credit and loan application process
- 5.8 Compare mortgage loans (e.g., first, second, home equity loan, variable, and fixed)
- 5.9 Compare and contrast major sources of consumer credit (e.g., commercial banks, consumer finance companies, credit unions, life insurance companies, and federal associations)
- 5.10 Research federal laws regulating consumer credit (e.g., the Truth in Lending Act, Fair Credit Reporting Act, and Fair Debt Collection Practices Act)

STANDARD 6.0 EVALUATE THE ECONOMIC ROLE OF SMALL BUSINESS IN THE FINANCIAL SERVICES INDUSTRY

- 6.1 Analyze the role of financial services in the development of an economy
- 6.2 Compare the role of small business in the local, state, national, and international economies
- 6.3 Identify factors that contribute to the success and failure of small business
- 6.4 Compare and contrast sole proprietorships, partnerships, limited liability company, b-corps, and franchises
- 6.5 Analyze the relationship of customer service and customer satisfaction on the success of a business
- 6.6 Explain the value of personal integrity with respect to working in the financial entity (e.g., conflict of interest, accountability, workplace practices, speaking up, and social media and ethics)
- 6.7 Explain the purpose of the Bank Bribery Act

STANDARD 7.0 ANALYZE CUSTOMER SERVICE AND ORGANIZATIONAL BEST PRACTICES

- 7.1 Use effective communication and questioning techniques to obtain accurate information from sources and clients
- 7.2 Use verbal and nonverbal communication skills with all people, including people of diverse cultures and generations
- 7.3 Explain the importance of business communications (i.e., in person, email, text messages, body language, word choice, etc.)
- 7.4 Format communications for the purpose and audience
- 7.5 Use editing and proofreading skills when reviewing communications (i.e., spellcheck for errors, etc.)
- 7.6 Explain how intellectual property and customer security can be violated through communication errors (e.g., sender uses wrong email address, recipient forwards the email, Excel attachment contains hidden content in a tab, and data is forwarded to a personal mail account)

Note: In this document i.e. explains or clarifies the content and e.g. provides examples of the content that must be taught.

- 7.7 Compare and contrast audio/video presentation methods (i.e., software, virtual platforms, etc.)
- 7.8 Perform operations with formulas and functions on a spreadsheet
- 7.9 Maintain and edit a database (CRM)

STANDARD 8.0 ANALYZE PERSONAL FINANCIAL INFORMATION

- 8.1 Develop short- and long-term financial goals and plans, including income, spending, saving, investing, and emergency preparedness
- 8.2 Examine characteristics of investments (e.g., stocks, bonds, and mutual funds) and investment accounts (e.g., 401K and Traditional and Roth Individual Retirement Accounts)
- 8.3 Analyze the deductions that come out of a paycheck that determines net pay
- 8.4 Explain the content and purpose of standard tax forms (e.g., state, federal, 1040, W2, and W4)
- 8.5 Create budgets to guide financial decision making

Note: In this document i.e. explains or clarifies the content and e.g. provides examples of the content that must be taught.