



Financial Advisers Review

Options for change

What is this review all about?

Financial advice is advice on whether to buy or sell financial products, such as insurance, investments or savings schemes. It can be anything from one-off advice, such as choosing an insurance policy or KiwiSaver provider, to more comprehensive advice on how to achieve your financial goals.

The Government is now reviewing the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008, with the aim of ensuring consumers can access the advice they need and want, and that advice improves their financial outcomes.

The Ministry of Business, Innovation and Employment has released some possible options to change the financial advice regime and we want to hear from you.

This brochure provides a snapshot of the issues and some key questions. You can answer these questions online at:

www.mbie.govt.nz/faareview

or contact the review team directly at:

faareview@mbie.govt.nz

**Responses close at 5pm on Friday,
26 February 2016.**



5 challenges for regulating financial advice

- › It is hard to know where to seek financial advice from.
- › Certain types of advice, like online financial advice, are not always being provided.
- › The different types of advice, and what this may mean for the consumer, are not always easily understood.
- › Some advisers are not always acting in the consumer's best interest due to conflicts of interest, like commission payments.
- › People may be giving advice without adequate knowledge, skills and competence.

79%

of people report that commissions and other conflicts of interest have an impact on their level of trust and confidence in financial advisers.

*Based on an MBIE consumer questionnaire, July 2015

84%

of people don't know how to find the right adviser for them.

*Based on an MBIE consumer questionnaire, July 2015



Can you tell the difference between 'sales' and 'advice'?

It can be difficult to know whether an adviser is acting in your interests or simply trying to sell a product.

One option is to require all advisers to put your interests first.

Do you think all financial advisers (this includes advisers in banks and mortgage and insurance brokers) should be required to put your interests first?

An alternative option is to clearly differentiate between an adviser who is providing financial advice (with a requirement to put your interests first) and a salesperson who is selling certain financial products. A salesperson would have to tell you that they are selling a product.

Would clarifying the difference between 'sales' and 'financial advice' help you better understand what you are receiving?

What impact would these changes have on your trust and confidence in financial advisers?



Are you getting enough information to make informed decisions?

Currently, the information a financial adviser has to give their client differs depending on what type of adviser they are.

This information is provided in a 'disclosure statement', which is often long and hard to understand. One proposal is to require all financial advisers to disclose the same information in a shorter document.

This document could include their relevant experience and qualifications, the products they can offer, the limitations on their advice and any conflicts of interest they may have (including details related to commissions).

What is the most useful way for advisers to disclose information to you (e.g. verbal, written, electronic)?

What information about a financial adviser would be most useful to you?

What other information from an adviser would help you make financial decisions?



Would you be comfortable receiving financial advice online?

Increasingly, people overseas are turning to online financial advice (also known as 'robo-advice') to serve their needs. The Government is considering how best to regulate these platforms to ensure New Zealand consumers are adequately protected.

Would you be comfortable receiving financial advice online? Why or why not?

What kinds of guarantees or safeguards would you require before receiving financial advice online?



What else do we need to consider?

Do you have any other comments or suggestions on how financial advisers could be better regulated in future?

You can answer these questions online at: www.mbie.govt.nz/faareview

If you have any further questions in relation to the review, please email the team at: faareview@mbie.govt.nz

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