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## **INDUSTRY IN FULL SUPPORT OF REVIEW OF FINANCIAL PRODUCTS AND PROVIDERS**

“The Investment Savings and Insurance Association welcomes the release by the Minister of Commerce of the nine discussion papers as part of the review of financial products and providers”, said Vance Arkininstall, Chief Executive of the Investment Savings and Insurance Association (ISI).

“Financial services is a dynamic and rapidly changing industry. Legislation has grown in an ad hoc manner over recent decades, creating many conflicting outcomes and compliance issues. The prospect of establishing a consistent framework is especially attractive to the industry”, Vance Arkininstall said.

“Life insurance and superannuation legislation are particular examples that are long overdue for review. The Life Insurance Act came into force in 1908, it is out of date and inappropriate for current conditions. The Superannuation Schemes Act similarly has not kept pace with current requirements. It contains many compliance requirements that evolved from the days when employer sponsored superannuation benefited from taxation advantages. Making the legislation for superannuation more relevant, efficient and more cost effective, may provide the rejuvenation that is so badly needed for superannuation schemes”, Vance Arkininstall said.

“This review fits well with the current Taxation Bill (Annual Rates, Savings Investment and Miscellaneous Provisions) currently before the Finance and Expenditure Select Committee the objectives of which are to remove existing distortions and tax barriers to savings. Creating a similar level and consistent regulation basis across all savings products makes excellent sense”, said Vance Arkininstall.

“NZ is a relatively small market. It is essential that the market has effective compliance requirements for financial providers and products but also that it maintains a balance of ensuring that fees and costs are maintained at a low level to provide attractive products for consumers. We cannot entertain the highly prescriptive and expensive black letter regulation that applies in other jurisdictions. We must not lose sight of the importance of a balance between improved regulation and cost on providers and employers also in the case of superannuation”, said Mr Arkininstall.

“While we have not yet been able to study the detail of the discussion documents we are very supportive of the Review and have been involved in discussions with Officials over the past year”, Vance Arkininstall said.

For further information contact:  
Vance Arkininstall, Chief Executive