



**FINANCIAL SERVICES COUNCIL**

# CODE OF CONDUCT

FACILITATOR GUIDE 2020

**Financial Services Council.**  
Growing and protecting the wealth of New Zealanders

## LEARNING OUTCOMES

After completing this module, participants will understand:

- The role of the Financial Services Council (FSC), its purpose and function
- Who are the FSC members and membership benefits
- Why the FSC and FSC Code of Conduct is important
- How the Code benefits the customer, employees and organisations
- The content and requirements of the Code
- How the Code applies to them, helping to identify areas to improve and act upon

For People Leaders, all of the outcomes above, plus:

- Understanding their responsibility as a leader and how the Code may impact their team

Room requirement:

- Configuration should be in U shape facing projector screen

## RESOURCES

Equipment requirement:

- Projector
- Laptop
- Flipcharts / whiteboards
- Markers and other stationery
- Facilitator guide
- Learning Module One presentation in the Educational Materials Resource Pack
- Pointer with extra batteries
- Participant list
- Prizes for activities (optional)
- FSC Copy of the Code of Conduct for reference if required

NOTE:

This document is ONLY a guide. Timing may vary depending on:

- Audience sizes and knowledge



## TIMINGS

FACILITATOR TO DECIDE DEPENDING  
ON LEVEL OF INTERACTION

## PAGE 1.3 WELCOME AND INTRODUCTION



Hello I am ...

Welcome to this session on the Financial Services Council and introduction to the Code of Conduct that (NAME ORGANISATION) has signed up to as a key member of the FSC.

To get the best out of our session it is important that you get involved, please speak up, ask questions and participate fully.

**ACTION**

Go through any house keeping e.g. fire alarms/ toilets/ switching off mobiles/turning it on silent etc. If required have individuals introduce themselves;

**OPTION - ASK FOR:**

- Name
- What area of the business do they work in?

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Let's look at what we will be covering today. By the end of this session you will know:

1. The role of the Financial Services Council, its purpose and function
2. Who are the FSC members and membership benefits
3. Why the FSC and FSC Code of Conduct is important
4. Understand what's in it for our customers and you/and what happens if there is a breach in the Code.

**NOTE: ASK IF THERE WERE ANY OTHER LEARNING OUTCOMES THAT ANYONE WANTED?**

## TIMINGS

## FACILITATOR TO DECIDE DEPENDING ON LEVEL OF INTERACTION

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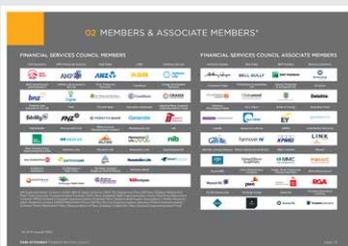
**ASK: DOES ANYONE KNOW WHO THE FSC IS AND WHAT THEIR PURPOSE IS? ACKNOWLEDGE RESPONSES. SUMMARISE/EXPLAIN THE POINTS BELOW:**

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand. Its vision is to be 'the voice of the financial services sector'.

The FSC's purpose is to:

- be recognised as an organisation that represents the interests of the New Zealand financial services industry, including to regulators and Government;
- promote best practice and integrity in the financial services industry, including through Codes of Conduct, standards and the publication of guidance for industry participants;
- promote the financial services industry for the economic benefit of New Zealand and to enhance the sustainability of the industry, whilst recognising the primacy of the interests of consumers;
- develop and promote evidence-based policies and practices designed to assist New Zealanders to build and protect their wealth;
- promote the financial services industry as a medium for investment and protection for consumers; and
- promote, assist and generally advance the interests of members.

## PAGE 1.6



The FSC's 75 members comprise 95% of the life insurance market in New Zealand and manage funds of more than \$83bn. Members include the major insurers in life, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

**Members** – Regular membership is open to organisations that manufacture, create, support and distribute products to the wealth management market.

**Associate Members** – Associate membership is open to organisations that support and have an interest in the wealth management sector.

## TIMINGS

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## FSC MEMBERSHIP BENEFITS:

**Regular Member Benefits** **M** **Associate Member Benefits** **A**

### 1. ABILITY TO BE NOMINATED TO THE FSC BOARD **M**

The FSC Board is the governing body for the FSC, shaping policy direction and guiding the operational committees.

### 2. VOTING RIGHTS AT GENERAL MEETINGS **M**

Voting rights allow members to have a strong voice on the activity and direction of the FSC. Voting takes place at General Meetings on issues such as Board nominations, financial accounts and FSC Rule changes.

### 3. CHAIRING-RIGHTS ON FSC COMMITTEES **M**

FSC committees are the 'engine-room' of the FSC, where members actively engage to create outputs and outcomes shaping the direction of the industry. As Chair of a committee, you are able to shape and guide the development and execution of committee workplans. This allows you to demonstrate leadership and provide direction.

### 4. INVITATIONS TO MEETING WITH GOVERNMENT AND REGULATORS **M**

Members are invited to join the FSC CEO and Chair in meetings with Ministers and Regulators, giving the opportunity to hear first-hand and ask questions direct to those who are shaping the future of New Zealand's financial services industry.

### 5. CONTRIBUTION TO FSC STRATEGY **M**

FSC Strategy and Business Plan is regularly reviewed to ensure that we are delivering to our overall mission and strategic intent. Members have input to strategy and plan development, with the FSC Board having ultimate responsibility for FSC direction and focus.

### 6. EVENT DISCOUNTS AND INDUSTRY AWARDS **M A**

A core benefit of membership is the opportunity to broaden networks, learn from peers and develop professionally. All employees and directors of FSC members receive substantial discounts on our leading-edge conferences, workshops and events.

### 7. INDUSTRY DATA AND INSIGHTS **M A**

Member-only information is available at a more detailed level than available publicly, providing data and insights for the insurance and KiwiSaver markets.

## TIMINGS

## FACILITATOR TO DECIDE DEPENDING ON LEVEL OF INTERACTION

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**8. COMMITTEE MEMBERSHIP AND FREE MEETINGS**

M A

All FSC work is driven through FSC Committees where members actively shape the industry voice and policy direction. Our Committees give FSC members the opportunity to pool expertise and share learnings with other FSC members through regular meetings and teleconferences. Committees include Regulation, Tax, Life Insurance, Investment, Strategic Research, Distribution and more.

**9. REGULAR MEMBER UPDATES**

M A

Our regular newsletters provide members with information and insights on the industry and FSC activity. The newsletters contain information on policy and advocacy outputs and outcomes, events, committee activity and give members a chance to keep up to date.

**10. INDUSTRY SUBMISSIONS TO GOVERNMENT AND REGULATORS**

M A

Proactive policy and advocacy engagement with submissions on all key consultations. Submissions are created in consultation with members via the FSC Regulation Committee.

**11. ENGAGEMENT WITH GOVERNMENT AND REGULATORS**

M A

The FSC team regularly gain insights into the thinking of policy makers and government, providing an interface with Government and regulators larger than on your own. The FSC's Regulatory Outlook provides members with a snapshot of current and future consultations.

**NOTE – Risks of not being a member:**

- Reputational – all other finance companies are a member – why not us?
- Missing out on industry submissions to the government and regulators
- The FSC team regularly gain insights into the thinking of policy makers and government, providing an interface with Government and regulators larger than if solely done.
- Missing out on information at a more detailed level than available publicly, providing data and insights for the insurance and KiwiSaver markets.
- Missing out on invitations to meeting with government and regulators.

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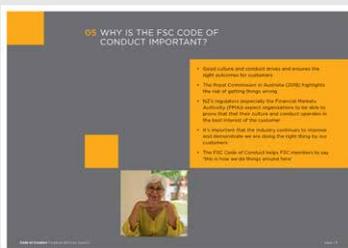
The FSC's strategic intent covers three main areas:

- **STRONG CONSUMER OUTCOMES** – The financial services industry must continue to deliver great products and services that deliver to the wealth, protection and wellbeing of New Zealanders.
- **SUSTAINABILITY OF THE FINANCIAL SERVICES SECTOR** – The sector is key for the prosperity of New Zealand through the way we serve New Zealanders, to the jobs we create, to the insurance claims we pay and to the way in which we help people save for retirement.
- **INCREASING PROFESSIONALISM AND TRUST** – This requires the industry to continuously improve, address the hard issues and increase the trust and transparency of the sector.

Values of collaboration, consumer focus, honesty and integrity, and agility underpin everything the FSC does. FSC members have created a Code of Conduct that all members must comply with.

Let's now find out more about the Code of Conduct.

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## IS THE CODE IS IMPORTANT?

- Good culture and conduct drives and ensures the right outcomes for customers.
- The Royal Commission in Australia (2018) highlights the risk of getting things wrong.
- NZ's regulators (especially the Financial Markets Authority (FMA)) expect organisations to be able to prove that their culture and conduct operates in the best interest of the customer.
- It's important that the industry continues to improve and demonstrate they are doing the right thing by its customers.
- The FSC Code of conduct helps FSC members to say 'this is how we do things around here'.

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- The Code is designed to support the professionalism of the financial services industry.
- This Code is about increasing trust and confidence in the providers of services and products the financial services industry delivers. The benefit is that Members can help more New Zealanders grow, manage and protect their wealth.
- Effective from 1 January 2019, the Code applies to all dealings that could impact the standing of the New Zealand financial services industry.
- **ALL MEMBERS OF THE FSC MUST COMPLY WITH THIS CODE. We will talk about the consequences of a member not complying, later in this session**

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Part 2 of the Code provides the Code Standards.

The three focus areas which we will look at:

- Ethical Standards
- Customer Outcomes
- Customer Perspective

Code standards are binding. Best practice guidance has been developed by FSC members for FSC members, and you will receive indpeth training on this guidance in an upcoming training session.

The first focus area we will look at is Ethical Standards:

The first Code Standard provides a fundamental expectation throughout that all members must act professionally and with integrity.

1. The aim is always to promote public confidence in the financial services industry.

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The second area of focus is Customer Perspective

**ACTIVITY OPTIONS - ASK PARTICIPANTS WHAT THEY THINK EACH STATEMENT MEANS? / WHY IT IS IMPORTANT? WHAT THEY THINK IT WOULD COVER?**

2. Members must communicate with customers clearly and effectively – Members should make reasonable efforts to provide additional support to customers who request it in relation to the Member’s products and services.
  
3. Members must make reasonable efforts to ensure that customers are provided with sufficient information to enable them to make informed decisions about products and services.

## TIMINGS

## FACILITATOR TO DECIDE DEPENDING ON LEVEL OF INTERACTION

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The third and final area of focus is Customers Outcomes

**ACTIVITY OPTIONS - ASK PARTICIPANTS WHAT THEY THINK EACH STATEMENT MEANS? / WHY IT IS IMPORTANT? WHAT THEY THINK IT WOULD COVER?**

**BREAK INTO SMALL GROUPS / WRITE ON FLIP CHARTS / SHARE WITH GROUP ACKNOWLEDGE AND ADD AS REQUIRED - SUMMARISE MAIN POINTS BELOW.**

5. Members must design and distribute products responsibly.
6. Members must provide employees and distribution channel personnel with appropriate training.
7. Members must maintain appropriate internal processes for explaining the risks to a customer of replacing or retaining an existing product or service.
8. Members must manage conflicts of interest fairly and in a way that promotes good customer outcomes.
9. Members must treat customers fairly.

**OPTION: BREAK INTO SMALL GROUPS AND WORK THROUGH THE 'WHAT MEETS THE CODE STANDARDS' ACTIVITY. FEEDBACK TO GROUP / MAKE IT A COMPETITION**

We can see the focus on customers, what the FSC members wish to achieve and how these Codes can help in doing so. If organisations have signed up to the FSC Code of Conduct but then there is a potential breach let's look at what may happen.

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## FACILITATOR TO DECIDE DEPENDING ON LEVEL OF INTERACTION

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**The FSC Rules state that Members must:**

- Comply with the rules, and any applicable Code of Conduct and Standards
- Act in a way to maintain and enhance the good image of the industry
- Use reasonable endeavours to ensure that employees and agents are aware of, and comply with, Codes of Conduct and Standards.

The FSC Rules allow for disciplinary action where a Member has breached a Code of Conduct.

The role of the FSC is to help Members to meet the Code Standards. Where a potential material breach of a Code Standard has been identified, the FSC Chief Executive Officer (CEO) will work with that Member to enable the Member to minimise the risk of harm to customers and of damage to the reputation of the financial services industry.

The FSC will only take disciplinary action where the FSC Board considers that the potential breach could be material and there is a lack of adequate remediation by the Member. A breach is material if there is a significant risk that it could damage the reputation of a Member, the FSC or the financial services industry.

Potential sanctions include are noted on the slide including;

- A reprimand
- A reparation order
- Fine of up-to NZ \$100, 000
- Loss of membership

Our organisation is committed to this Code and therefore keen to ensure that we do not breach it in any way.

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## FACILITATOR TO DECIDE DEPENDING ON LEVEL OF INTERACTION

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**Activity: Group Discussion. Ask participants “What Codes are you aware of that our organisation complies with?”**

This will help get the participants thinking about how the Code fits in, within the context of their own organisation.

It's important to note that this Code is not intended to create legal or other rights between any person other than the FSC and it's members.

- This Code is intended to complement existing NZ law and is not intended to replace it any circumstance
- In the event of any conflict or inconsistency between the NZ law and this Code, the law takes precedence
- Members are expected to comply with the NZ law and maintain a high level of risk and compliance practice

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**PREP ACTION: FACILITATOR - INCLUDE ORGANISATIONS DETAILS FOR REPORTING**

We need to feel confident and comfortable in reporting any areas of concern. Let's discuss how it works here.

**ACTIVITY OPTION**

- 10- 20 mins activity
- Split into small groups
- Provide with flipchart and pens
- Provide Code Standards and Guidance Notes as handout
- Share a few points from around the groups

**PREP FACILITATOR EMPHASISE - KEY ELEMENTS RELEVANT TO YOUR BUSINESS**

## TIMINGS

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**OPTIONS:**

IN SMALL GROUPS OF 2 OR 3 DISCUSS THE KEY THINGS YOU HAVE LEARNT TODAY? WHAT QUESTIONS DO YOU HAVE? SHARE ONE KEY THING WITH WIDER GROUP.

WHAT ACTION/S WILL YOU TAKE AWAY? EVERYONE WRITE ON POST-IT AND SHARE WITH GROUP.

USE CODE OF CONDUCT QUIZ FROM TOOLS & RESOURCES

You should now know:

- The role of the Financial Services Council, its purpose and function.
- How the Code fits into and inter-relates with other industry and regulatory Codes.
- Understand why the Code of Conduct is important/ what's in it for our customers and you / and what happens if there is a breach in the Code.

**NOTE: IF MAKING AN OUTCOME OF THE SESSION INCLUDE:**

Consider if there are any actions you / your team need to take to ensure that you are meeting the Code of Conduct.

EMPHASISE: As you have seen the Code of Conduct is all about delivering for our customers and we all have a role to play.

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**ANY QUESTIONS?**

Very soon we'll be taking you through some more in-depth training on the Code of Conduct Guidance. This training will help you to understand what best practice looks like for your particular business. It'll also help to reinforce your learning from today.

THANK YOU FOR YOUR TIME TODAY.

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Growing and protecting the wealth of New Zealanders

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