



GET IN SHAPE

WEBINAR SERIES

The logo features a green apple with a white stem and leaf. The word "in" is written in white lowercase letters inside the apple's body.

GET in SHAPE
WEBINAR SERIES

Code of Conduct, the Customer Experience and Customer Demography

Steve Burgess – Compliance Refinery
Tracey Cross – DLA Piper

23 July 2021

The impact of the Code of Conduct on Advice

- No longer just for AFA's
- 'Understanding' is a key concept
- Limitations/implications
- How do you evidence the advice process?

Code Standards

STANDARD 1

TREAT CLIENTS FAIRLY

A person who gives financial advice must always treat clients fairly.

STANDARD 2

ACT WITH INTEGRITY

A person who gives financial advice must always act with integrity.

STANDARD 3

GIVE FINANCIAL ADVICE THAT IS SUITABLE

A person who gives financial advice must ensure that the financial advice is suitable for the client, having regard to the nature and scope of the financial advice.

STANDARD 4

ENSURE THE CLIENT UNDERSTANDS THE FINANCIAL ADVICE

A person who gives financial advice must take reasonable steps to ensure that the client understand the financial advice.

STANDARD 5

PROTECT CLIENT INFORMATION

A person who gives financial advice must take reasonable steps to protect client information against loss and unauthorised access, use, modification, or disclosure.

The Customer's Journey

Initiation

Customer gets a random call, and agrees to meet



Inquiry

Stranger turns up and tells you how to run your money



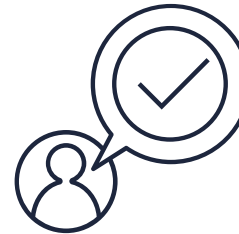
Advice

A few weeks later, stranger convinces you to spend money on this intangible thing called 'financial advice'



Implementation

Your adviser works through the process of ensuring the agreed financial strategy is implemented



Review

A year later, you receive a random email from your adviser about reviewing your financial strategy



TIMELINE

The Customer's Journey

Treat clients fairly

Act with integrity

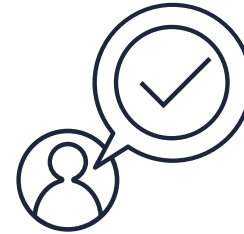
Initiation

Inquiry

Advice

Implementation

Review



Give suitable advice

Ensure client understands advice

Customer Experience – No more set and forget!

- Advice is the start of the customer experience...
- While advice exists at a point in time, the customer's circumstances will change, and the products they hold should change with them.

What next?....

The Review Process – Active vs Passive

- ‘Do as you say’ - your SoA sets the scene!
- Take care with any “review” statements.
- The review process will be different for different product types:
 - Home Loans, Risk and GI – usually renewal based (e.g. annual)
 - Investment and KiwiSaver – usually annual or bi annual.
- Read and understand your Agency Agreements!!!

The Typical Review Process

- Depending on the cycle (6 months, annually or longer) – an adviser will notify via email. Automated or personalised.
A large number of FAP's stop here.
- Text or messenger follow up if no response.
Some FAP's progress to this stage.
- Call if no response to text.
What do you do if there is no response?
- Do you have a maximum period of 'no review'?
You should!

Best Practice Review Process

- Renewals list prepared by support staff.
- Support staff meet with advisers to determine how each client will be contacted/assigning responsibility/noting when they were last reviewed.
 - First contact attempts are made and tracked (usually email).
 - Second contact attempts are made and tracked (usually text or messenger).
 - Third and subsequent attempts are tracked and managed.
- **Depending on the last actual review date (if three years or greater) it is best practise to meet and actually review the client's circumstances.**

Other Client Experience Considerations

- How do you manage:
 - 'Gone no address' or 'Return to sender' responses?
 - Email kick backs?
 - Missed payments or lapses?
- Do you track claims?
- Are you actively managing applied terms (e.g. exclusions /loading anniversary dates)
- Does your review process:
 - Consider whether the client might be vulnerable?
 - Include questions, requiring a response, to ensure understanding of the advice given.

Client Vulnerability

- Vulnerabilities must be considered
 - *A vulnerable client – someone who, due to their personal circumstances, is especially susceptible to detriment*
- Must act with integrity
- Refer to FMA Customer Vulnerability Practices Guidance
- Processes required to identify vulnerabilities
- Additional steps required to ensure advice is understood and a client's vulnerabilities are not taken advantage of
- Vulnerable customer policy required

Customer Demography: Life Stage Changes

- Clients change! Their need for products change. This must be reflected as your relationship with each client matures.
- Client changes to look out for and to consider:
 - What is the state of their retirement plan? (not just insurances)
 - Do you know what their KiwiSaver status is?
 - What products are they likely to claim on? (As life insurance needs reduce, are they focusing more on Health, Trauma and KiwiSaver?)
 - Do they have a will? Is it current?
 - As they age, do they need a financial plan vs product advice?

Enforcement

- Enforcement
 - FMA
 - Financial Advisers Disciplinary Committee (FADC)
 - Approved Dispute Resolution Schemes
 - Courts of New Zealand
- FAP's:
 - Responsible for their own conduct and that of that of FA's/NR's/AB's
 - Penalties/compensation/licensing actions
- FA's:
 - Subject to disciplinary action from FADC/FMA for breaches of duties
 - Fines/deregistration/suspension
- FA's/NR's:
 - Personally liable for penalties in cases of serious misconduct
- FADC approach/cases

Thank You



Steven Burgess

Compliance Refinery

T: +64 9 27 561 9521

steve@compliancerefinery.co.nz



Tracey Cross

DLA Piper

T: +64 9 916 3773

Tracey.Cross@dlapiper.com