

MEMBER UPDATE

Financial Services Council

April 2017

Welcome

February and March have been very busy with significant momentum in the market place as MBIE and the FMA have rolled out a raft of discussion papers and consultations across the industry.

Member activity this quarter has focussed on responding effectively to these submissions, maintaining focus on developing the FSC Code and starting to implement our strategy.

This update brings you a summary of FSC activity highlights, upcoming key dates and changes to the FSC team, and we begin with sharing the refreshed FSC strategy.

FSC Strategy



Policy & Advocacy

Aim: To be the trusted voice of the financial services sector for the benefit of all New Zealanders.



Industry Leadership & Insight

Aim: Bringing the industry together with knowledge and insight for the benefit of all New Zealanders.



Industry Best Practice

Aim: Showcasing industry excellence in understanding, growing and protecting New Zealanders' wealth.



Community of Professionals

Aim: A community developing itself to better understand and serve the needs of New Zealanders.



Developing a Sustainable Business

Aim: A sustainable business model delivering an effective and efficient industry body.



Summary of Activity:



I. Policy & Advocacy

a. Financial Advisers Act (FAA)

The FAA draft legislation is out and the market is abuzz with thinking, reviewing and responding to MBIE's Consultation Paper on the new Financial Advice Regime.

Within the FSC, a highly-engaged member committee formed to review and respond to the Consultation Paper and draft legislation. The (policy and regulation) committee has been a great example of how a group of members can discuss contentious issues and have healthy debate. A big thank you to all who contributed to the final submission.

The FSC's submission reflected the diverse views of members and focussed on the six big themes of:

- The Consumer
- Conflicts of Interest and Inappropriate Incentives
- Advisers and Advice Categorisation
- Transition and Code Development
- Client First
- Robo-advice

The FAA is a substantial policy issue that will impact the financial services industry in New Zealand, and we will continue meeting with MBIE and the Financial Markets Authority (FMA) to understand policy direction and represent our member views.

b. NZ Superannuation proposed changes

This is huge news and makes super an election issue. Our media release hit the market and we are exploring ways in which we manage, debate, and help lead the issue over the next seven months.

c. FSC Code

The draft FSC Code is in good shape and the Steering and Working committees have met a number of times. We are making good progress with focus on our strategy of strong and sustainable consumer outcomes, sustainability of the financial services sector and increasing professionalism and trust of the industry. In developing the FSC Code we are taking into account the FMA's Conduct Guide and the industry Code of Conduct.

d. Meeting with Minister Dean

We have now locked this in for 11 April and a combined group from both FSC & Workplace Savings NZ will attend.

e. MBIE Guidance – KiwiSaver first home withdrawals for homes on Maori land

MBIE have heard anecdotes of some KiwiSaver first home withdrawal applications for the construction or purchase of a home on Maori land being declined. In response, they have provided guidance through the attached letter and highlighted further information available on this IRD link:

<http://www.ird.govt.nz/technical-tax/legislation/2015/2015-40/2015-40-first-home-withdraw-maori/leg-2015-40-first-home-withdraw-maori-land.html>

f. Financial Markets Authority

Huge activity from the FMA with the release of KiwiSaver advice guidance plus all the work around conduct. See the following excerpt from a FMA note by CEO Rob Everett with live links.



For our financial markets to succeed, we need capable, confident and well-informed investors.

That required investors to trust their provider, which comes from the provider's conduct and from the investor's own capability to make good investment decisions. For a regulator, that means we need to balance our efforts to ensure they are appropriate for the needs of investors and of the market. The messages in our recently released **Conduct Guide**, **Strategic Risk Outlook (SRO)**, **Conduct Outcomes Report** all reflect this attempt to get the balance right.





2. Industry Leadership and Insights

Media interest continues with the FSC being sought out for comment on relevant issues. We have released media comment on;

- FMA release of the conduct guide
- Government's announcement on Super changes
- New Staff appointed

We are looking to work across the market with media partners including Investment News, Good Returns, NZ Herald, interest.co.nz.

The FSC is now connecting effectively across the market with a number of industry bodies and organisations, including HFANZ, INFINZ, NZBA, PAA and the IFA. The purpose of these relationships is to share our strategy, build industry knowledge, enhance the 'voice' of the FSC and represent the interests of our members.

We met with the Commission for Financial Capability in December and had a good discussion about the mission and strategy of the FSC. We will continue to work closely with the CFFC over coming months.



3. Community of Professionals

Since our previous update we have co-hosted and organised a number of events, including the interesting Women in Super breakfast with Dr Pushpa Wood. We ran this in both Auckland and Wellington in conjunction with Women in Super and Workplace Savings NZ. We had solid attendance in both locations (40 in each) and this is a platform we will build from.

4. Key Dates for your Calendar

Annual Conference – 7-8 September in Auckland. This year we are partnering with Workplace Savings NZ to deliver 'Navigating Change' – a two-day conference for the financial services industry in New Zealand. More details to follow in April.

5. Things you Need to Know

Please remember that participation in FSC steering groups, working groups and committees is subject to the principles of good governance – transparency, fairness, accountability and responsibility. All members are expected to behave in line with the FSC core values of collaboration, consumer focus, honesty and integrity, agility. The FSC Code (in development) will further expand on what is expected from FSC members.

The Board Charter promotes high standards of corporate governance and sets out the roles and expectations of Board members. Where the Board has established special committees, sub-committees and Working Groups to undertake specific tasks, such committees report to the Board and must conform to any regulations that are imposed by the Board.

Over the next few months we will be reviewing specific committee codes and regulations to ensure alignment to the Board Charter. If you are ever unsure about your role or the expectations of your participation, please contact us at FSC HQ.

6. Team Changes

Welcome to the new FSC HQ team

We are delighted to welcome two new additions to the FSC HQ team.

Head of Member Services – Haydee Stroud, haydee.stroud@fsc.org.nz

Business Manager – Rachel Douglas, rachel.douglas@fsc.org.nz

Haydee and Rachel support both the Financial Services Council and Workplace Savings NZ, and are looking forward to getting to know you. Please reach out with questions, or to just say 'hi'.

Rob Flannagan
Chairman

Richard Klipin
CEO