

MEMBER UPDATE

Financial Services Council

Spring 2017

Welcome

Exciting times as we approach our first-ever annual conference, with a stunning speaker line-up including three remarkable politicians. In breaking news, the conference is now sold out.

Policy and advocacy continued apace throughout winter, with a flurry of consultations and meetings. A big thanks to the FSC Regulation Committee for rising to the challenge and producing thorough responses to both the IPSA and Robo-Advice consultations.

This Member Update brings you information on policy, advocacy, conference and news from the wider market.

Policy

Our policy work continues to focus on areas that make the most difference to our members and their customers. Leveraging strength in numbers, submissions are generally made jointly with Workplace Savings NZ.



Area of work	Outcomes
Financial Services Legislation	<p>On 3 August 2017, the Financial Services Legislation Amendment Bill was introduced to Parliament. This Bill is the result of the review of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008. It introduces financial adviser obligations to the Financial Markets Conduct Act 2013 ('FMC Act') and repeals the Financial Advisers Act 2008. Key themes from the Amendment Bill are:</p> <ul style="list-style-type: none">• All current financial advisers will have to comply with the requirements of the FMC Act• Everyone who provides financial advice will need to operate under a licensed financial advice provider• Financial advice providers can employ financial advisers or nominated representatives• The duty to prioritise the interests of the client (replacing the previous 'put the interests of clients first') remains limited to conflict management• Provisional release date for the new Code is August 2018• By May 2019, all existing industry participants will need to a) be engaged by a business with a transitional licence under the FMC Act and b) comply with the FMC Act, the new regulations and Code• Those who are already a QFE adviser or are registered on the FSPR will have a maximum of two years to meet the required competency standards. <p>The Bill now follows the standard Parliamentary process (including further consultation), although, in our opinion, is unlikely to pass before the NZ election.</p>
Insurance (Prudential Supervision) Act	<p>Outstanding commitment by the FSC Regulation Committee resulted in a thorough submission. Our submission supported the aims of policyholder protection, a cost-effective regulatory regime and a sound insurance sector. We responded to the detailed 26 questions and highlighted five themes for further consideration by RBNZ as they move through the review process:</p> <ul style="list-style-type: none">• Balance of efficiency and effectiveness vs risk• Maintaining competitiveness and capacity within the NZ market• Inclusion of a broad exemption regime• Ensuring the legislation is fit for purpose for the future• Disclosure of financial strength ratings

Policy, cont.

Area of work	Outcomes
Robo-Advice	Another outstanding example of collaboration and fast turnaround by the FSC Regulation Committee resulted in a thorough submission. Our submission responded to the detailed 28 questions and supported the class exemption, promotion of market integrity and flexible disclosure requirements. We disagreed with the proposed limitations and recommended alignment with licensing.
Proposed exemption from obligation to prepare scheme financial statements for bundled unit trusts	Our submission is fully supportive of this proposed exemption as we believe it will relieve managed investment schemes of the compliance costs associated with an activity that adds little benefit to consumers.
Managed Investment Schemes - Making annual reports available to participants	Our submission supports the introduction of an elective facility with respect to managed investment schemes, and identifies potential areas of improvement for operationalising the change.
Industry Code Working Group	The Code Working Group has now formed and is driving to tight timeframes. FSC members are meeting with the Code Working Group on 25 August to engage in a discussion on the key issues the Code is looking to address.

Advocacy



FSC activity supports the delivery of strong and sustainable consumer outcomes together with sustainability of the financial services sector. FSC advocacy activities are focussed on increasing professionalism and trust of the industry by working closely with Government to ensure the right balance between regulation and industry best practice. Looking at two areas of interest, key issues that FSC advocacy aims to address are:

Spotlight on Insurance

- Changing demographics and lower home ownership rates mean traditional triggers for insurance are changing
- Higher debt levels put pressure on disposable income and consumer appetite for savings
- New Zealanders are under-insured and those who need it the most cannot afford insurance
- Insurance market growth is plateauing, and yet the insurance industry contributes significantly to the health and wellbeing of New Zealanders
- So we need to bring the industry together to find ways to innovate and become more relevant to all New Zealanders

Spotlight on KiwiSaver

- An ageing population is forecast to strain NZ Superannuation and demand different products to meet consumer needs
- Financial literacy appears to challenge consumer uptake for financial services products
- So we need to work with government and consumer groups to find ways to grow the long-term wealth of New Zealanders. Our members represent the majority of the KiwiSaver market

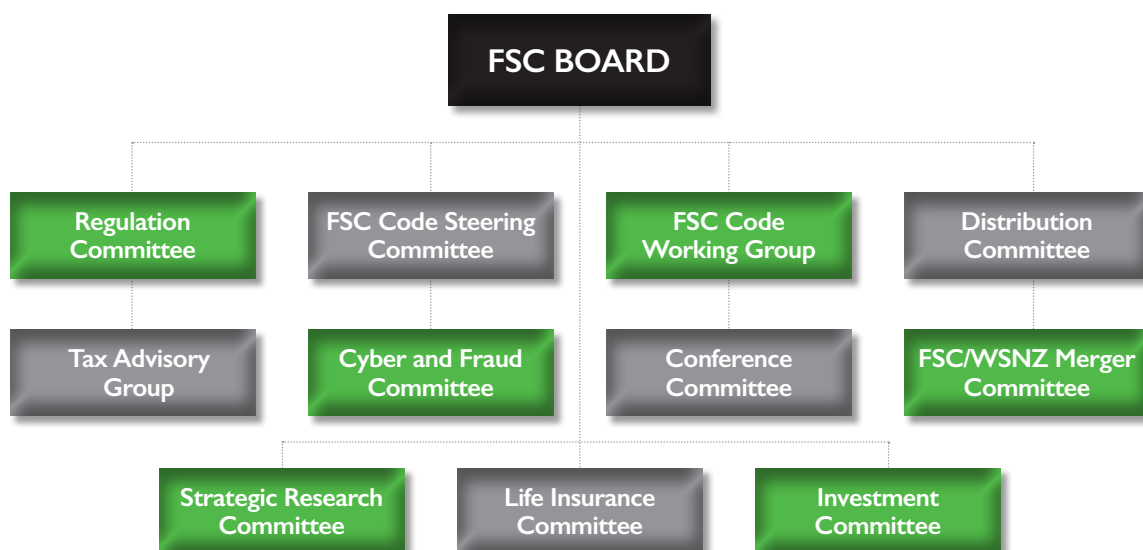
Advocacy, cont.

Advocacy activity in winter included a delegation from the FSC membership meeting with key Ministers, their shadows, Ministerial advisers and the media. These meetings strengthened our relationships and provided useful insights including:

- Ministerial desire to engage more with the sector.
- High levels of interest in the robo advice issue and how it's likely to work in practice in NZ. Robo-advice is seen as a positive for consumers and there is appetite to see robo advice technology or similar in action.
- Continued focus on ensuring that in all areas the industry puts consumers first.
- The ongoing challenge for the sector and Government to increase New Zealander's engagement with KiwiSaver. Both main parties are looking for ideas in this space.
- Interest in a greater focus on the underinsurance issue, including openness to ideas and initiatives from the FSC in this space.

Committees

We can only achieve our strategy and goals with the support and input of our members. Recently refreshed, the FSC Committees bring together talent from across the financial services industry to shape the future, guide FSC activity and learn from each other. Our committees are:



Thank you to everyone who has volunteered their time to be part of a committee. Your input and energy makes a real difference to the industry.

AUGUST UPDATE

Navigating
Change



NATIONAL CONFERENCE

LATEST CONFERENCE NEWS

For the first time, the FSC and the ACC are co-hosting a national two-day conference in Auckland. The conference will showcase the big ideas, challenges and inspire delegates to 'Navigate the Change' in their worlds.

SOLD OUT!

BREAKING NEWS

From what promises to be a fascinating election, we are delighted to welcome three remarkable speakers at this year's conference. In particular, having the Minister of Finance and his Labour counterpart on successive days promises to deliver an intriguing insight into National and Labour's campaign thinking on major sector issues such as KiwiSaver and tax policy.



Hon. Stephen Joyce, Minister of Finance and Minister of Infrastructure will be speaking on Thursday 7 September at 9.30am.



Grant Robertson, Labour's spokesperson for Finance, Employment and Arts, Culture and Heritage will be speaking on Friday 8 September at 10.15am.



Hon. Jacqui Dean, Minister of Commerce and Consumer Affairs, Minister of Small Business and Associate Minister for Local Government and ACC will be speaking at the Gala Dinner on Thursday 7 September. Ms Dean will also be presenting the industry awards at the Gala Dinner on 7 September.

In total, more than 60 speakers from across and beyond the industry will inspire and challenge delegates at the 'Navigating Change' conference on 7-8 September.

Showcasing excellence, the volume and calibre of the awards nominations has been phenomenal, and judging is underway. Thank you to all who submitted a nomination – winners will be announced at the Gala Awards dinner on 7 September.

Platinum Sponsors



Gold Sponsors



Silver Sponsors



Gala Dinner Sponsor



Workplace Savings Awards



Breakfast Masterclass - 'Women in Super'



Breakfast Masterclass - 'Portfolio Construction'



For more information about the event and to discover the full conference programme, visit the event website www.navigatingchange.co.nz or the Facebook page facebook.com/financialservicescouncil



AUCKLAND

23 AUGUST 2017

WELLINGTON

24 AUGUST 2017

The recent Breakfast Leadership Series events in Auckland and Wellington proved a resounding hit, with a record number of attendees at both sessions. Attendees were inspired by Brooke Anderson and Sonya Williams of Sharesies as they spoke passionately of their journey and shared insights and learnings of starting a fintech.

Attendee feedback was overwhelmingly positive and included 'best one so far', 'engaging', 'great venue' and 'interesting and relevant content'.

Our thanks to the Women in Super and Workplace Savings NZ teams for making this happen, and to Chapman Tripp for their super venues in both Auckland and Wellington.

...and news from the wider market

MoneyWeek ran 14-21 August with a focus on debt and the impact on New Zealanders' lives. We fully support the work the Commission for Financial Capability continues to perform. You can find information at sorted.org.nz/moneyweek

The Government has released Te Hokinga ā Wairua - End of Life Services for New Zealanders dealing with the loss of a loved one. This service aims to help people by making information easier to find. You can find more information at endoflife.services.govt.nz

Thanks for reading the spring newsletter. We're always interested in your feedback. Please contact us on **09 985 5762** or fsc@fsc.org.nz with your thoughts and opinions.



Rob Flannagan
Chairman



Richard Klipin
CEO