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Unlocking the potential of New Zealand's financial front line

New research from the Financial Services Council (FSC), "*Unlocking the Potential of Professional Financial Advice*," has shown that the sector has remained resilient despite the challenges of Covid-19 and regulatory change and continues to provide ongoing value to Kiwis.

FSC CEO Richard Klipin said that last year the FSC conducted research that asked Kiwis for their views of the sector.

"Our *Money and You* research found that the majority of Kiwis are missing out on the benefits of professional financial advice, with less than 20% receiving it. This is despite the fact that those who do get advice have higher levels of not only financial returns, but also peace of mind, control and confidence.

"The aim of this new piece of research is to understand how professional advisers view the sector from the inside, its current challenges and their outlook for the future.

"Financial advisers are the front line of the financial services industry so it's vital that we understand the health of the sector and where more focus is needed.

"Firstly, we looked at how the sector has coped with the disruption over the past year. Like all businesses, the professional advice community has been thrown challenges during Covid-19.

"Advisers had to change how they did business, and the result has been transformative. The pandemic accelerated adoption of digital communication and online client meetings to make advice more accessible. These changes have now become permanent with 65% of those surveyed conducting more client meetings online, and 50% more over the phone.

"This ability to continue to provide advice was hugely valuable, with 70% saying that their clients had become more resilient to financial stress through receiving advice during the turbulence of Covid-19.

"Covid-19 did however deliver a hit to business conditions for financial advisers, with over 40% feeling conditions had worsened in 2020.

"The sector is also in the midst of major regulatory change, with the transition to the Financial Services Amendment Act (FSLAA).

“Preparation for these changes is ongoing, and just under 90% of respondents reported being either ready or continuing to implement changes to comply. While this is just a snapshot of the community, we acknowledge the hard work that occurred across the country to meet these requirements within the timeframe.

“However, there is no denying how testing this has been; with over 70% saying they find the current regulatory environment to be either reasonably challenging, or the most challenging environment they have ever worked in. 63.5% have experienced increased stress levels during this process.

“It’s crucial that as a community we support one another through the next stage to ensure sustainable, positive outcomes and improved wellbeing for advisers and customers alike.

“Overall though it’s pleasing to see that despite the disruption of Covid-19, there is a bright outlook for the sector from those who work within it.

“More than half of professional advisers expect their practice to grow in the next 12 months, and three in four expect growth in the next few years.

“However, with 50% of advisers planning to retire in the next three years, we have work to do so we are equipped to service new customers as a result of this growth. Recruitment therefore must be a major focus for the sector.

“The majority of New Zealanders are yet to benefit from the significant value of professional financial advice. This research, in holding up a mirror to the industry, shows that we need to do more to ensure that New Zealanders understand the language of money and the tangible benefits of receiving professional financial advice.

“As an industry, we must focus on educating existing and potential customers about the value that professional advice brings and, in turn, encourage referrals and attract and recruit more advisers into the industry to deliver this value,” concluded Klipin.

The full report, “*Unlocking the Potential of Financial Advice - Resilience, Transformation, and Opportunity*” can be found [here](#).

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Note to Editors:

Unlocking the Potential was conducted via a series of online surveys of professional financial advisers carried out by CoreData. Data was collected between 28 August and 25 November 2020.

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About the Financial Services Council

The FSC is a non-profit member organisation and the voice of the financial services sector in New Zealand serving consumers. Our 91 members include the major insurers in life, health, disability and income insurance, fund managers, KiwiSaver and workplace savings schemes (including restricted schemes), professional service providers, and the emerging ecosystem that serves the financial services sector.

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