

Members' Newsletter

December 2016

Financial Services Council - Year in Review 2016 Newsletter

As 2016 draws to a close it's worth reflecting on the year that is passing as we look forward to the year ahead. The Financial Services Council has had a significant year as we have navigated significant change within the FSC as well as in the Financial Services sector. However the big issues remain front and centre for us and will be our core focus for 2017 and beyond. These include

1. **Strong consumer outcomes-** The Financial Services sector must continue to deliver great product and services that deliver to the wealth, protection and wellbeing on New Zealanders
2. **Sustainability of the Financial Services sector.-** The sector is key for the prosperity of New Zealand.
3. **Increasing Professionalism and Trust through the FSC Code of conduct-** This requires the Industry to continuously improve, address the hard issues and increase the trust and transparency of the sector.

From a personal point of view, I have been in the role for just over a month and I wanted to thank you all for your warm welcome and I look forward to working with you all through 2017 and beyond.

As you know, we are focussed on *growing and protecting the wealth of New Zealand* and in 2016 the activity remained focussed around our core pillars of engagement-

Policy and Advocacy

- The FSC has spent a significant amount of time and resources focussed on our work with Government. We have responded to all key submissions across KiwiSaver, Insurance and the Financial Adviser Act.
- We have also had regular and constant dialogue with the Minister, MBIE, the FMA, RBNZ, IRD, Treasury, CFFC and other key Government departments.
- We have contributed to the Government's five-year review of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008.
- The FMCA has been a significant focus for our members and the market place through 2016.
- Working with providers, and the Inland Revenue Department to improve the GST treatment of unit trust management fees and income protection products
- Consulting with the Financial Markets Authority on its report on life insurances sales practices and establishing an on-going dialogue with the FMA on the subject.
- Completing the Mind the Gap initiative focussed on raising awareness among consumers of the risk in under-insuring, or not insuring, their ability to earn income.
- Publishing a commissioned review of the Government's assessment of the initial years of KiwiSaver.

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Meetings with Minister Goldsmith, MBIE, FMA & CFFC

- We have met on a regular basis with our key stakeholders in Government and the Ministry to ensure our programs of activity are aligned. This has included providing formal submissions on areas impacting our collective business. This will continue to be a core part of our activity into 2017.

Industry Leadership

- We continue to publish the quarterly snapshot of Life Insurance industry data showing the state of play within the market place.
- We continue to spend significant time and effort working with colleagues across the sector representing sister Associations. A collaborative working relationship across
- Our standing Committees and working groups on Tax, Insurance, KiwiSaver and the Code of conduct continued to provide insight to the Board and responses to key submissions.
- 2017 is already shaping up as a massive year.

Connecting our Community of Professionals

- The FSC community has worked closely on a number of FSC projects and committees.
- 2016 has seen a continuation of engaging members and connecting their capability and expertise to help grow the Industry.
- In 2017 we will look to build on this legacy and engage the membership on key issues facing the market.

FSC and Workplace Savings New Zealand

In June 2016, the FSC agreed to explore integration with Workplace Savings New Zealand (WSNZ), The boards established a steering committee, comprised of representatives of the FSC and WSNZ, which is overseeing work on a potential merger. The forces driving these discussions include-

- An increasing emphasis on regulation in financial services in New Zealand,
- The rising expectations of consumers
- Global disruption and change, in part driven by massive changes in technology impacting the whole value chain.is bringing.
- Together, these factors require better-organised advocacy on the part of financial services firms.

We have been making solid progress with the discussions with WSNZ and look to discuss further with the membership in 2017.

Working with the Membership

I have been impressed with the commitment and passion of the membership to participate and get involved. This has included the Board, the subcommittees, the events, and the Working groups who have crafted the submissions and policy responses.

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The big themes - New PM- Bill English, President Trump, Brexit et al

Beyond our world in the Financial Services sector there has been lots going on both domestically and internationally. The change in Prime Minister and Minister, the impacts of the Kaikoura earthquakes and internationally, Brexit and the election of Donald Trump to name but a few big events that will impact our world in the coming few years.

Economic Themes for 2017

This will be a very interesting year. Hit the link for a view from the World Bank .

<http://www.worldbank.org/en/publication/global-economic-prospects>

Outlook for 2017

2017 is shaping up well as we focus on growing, building and advocating for the sector. We are well positioned to help the New Zealand community understand the role of our sector and the benefit's we provide.

There are a number of key issues we need to help New Zealanders consider, these include –

- a. How do we provide best for our families and businesses in times of need as well as in times of plenty.
- b. How we ensure that trust and confidence grows in our sector.
- c. How do we work effectively as a sector to drive growth and create change.

In the year when the world lost Nancy Reagan, Zsa Zsa Gabor, David Bowie, Muhammad Ali, Prince and Leonard Cohen there is a great opportunity to Carpe Diem (seize the day) and make our industry a better one for the benefit of all New Zealanders.

We would like to thank the Board and membership of Financial Services Council for their support over the past year, we have a great platform to go forward and make a difference.

Merry Christmas and happy holidays. Have a safe break.

We look forward to working with you in 2017.

Rob Flannagan
Chairman

Richard Klipin
CEO