

18 June 2021

Financial Conduct
Financial Markets Team
Ministry of Business, Innovation and Employment
PO Box 1473
Wellington6140

By email: financialconduct@mbie.govt.nz

Re: Treatment of intermediaries under the new regime for the conduct of financial institution

To whom it may concern,

The Motor Trade Association (Inc) (MTA) was founded in 1917 and in 2017 celebrated 100 years of trust with the NZ motoring community. MTA currently represents approximately 3,800 businesses within the New Zealand automotive industry and its allied services. Our members represent a ranger of industry sectors including mechanical and collision repairers, independent service stations and motor vehicle dealers.

In respect of the dealer group we represent approximately 75% of new car franchises and several hundred used car dealers and close to 50% of the motorcycle dealers. Many of our vehicle dealer members have day-to-day dealings with banks and insurance companies with respect to financing and protecting vehicle investments. In some cases, the dealer may receive a commission on the sale of various insurance products.

In the repair sector, the collision repairers in particular, are very closely connected with the various motor vehicle insurance providers to the extent that the vast majority of their work involves the repair of damaged vehicles subject to accident insurance claims. This places those repairers in tightly controlled and administered business relationship situations led by their respective insurance company 'partners'.

We would like to offer our full support to the Financial Services Federation (FSF) submission on this Discussion Paper. The finance and insurance sectors work closely with the dealer and collision repair sectors and rely heavily on each other to support the collective business interests of both sides of the relationship. In short, what's good for those businesses is usually good for our members.

Particularly, we agree with FSF's point to not amend the definition of intermediary to focus on sales and distribution, as this would capture many intermediaries unintentionally who are not involved with the financial institution.

We also echo FSF's view that the development of Financial Markets (Conduct of Institutions) Amendment Bill has been rushed, not allowing for sufficient consultation with stakeholders on its content. There is no need for a new licensing regime as there are no gaps in the treatment of intermediaries.

Thank you for the opportunity to comment.

Yours sincerely,

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Greig Epps
Advocacy & Strategy Manager

The contact person in respect of this submission is:

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