MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Consumer testing on disclosure requirements in the new financial advice regime

Understanding effectiveness and relevance of disclosure information at key stages of the financial advice process

Final Report
OCTOBER 2018

COLMAR BRUNTON
A Kantar Millward Brown Company

Key insights: Ensuring the disclosure regime is flexible while giving consumers the information they need, and the summary disclosure information is accessible and useful

Disclosure information that is received too early in the process may be forgotten and/or disregarded. However receiving it late in the process runs the risk of consumers feeling 'locked in' with their adviser and the information may end up not playing a meaningful part in their decision-making.

Providing disclosure information when its most relevant in the advice process helps mitigate this issue. It also removes the need to cover every detail in a single document upfront. Instead, there can be flexibility in the format and delivery method as long as the key points consumer need to know are covered.

Alongside this, different consumer segments find varying levels of detail useful. A summary document can help achieve a minimum level of disclosure while providing consumers the opportunity to delve deeper if needed. This needs to be delivered when consumers are having their initial discussions with their adviser and before a recommendation has been made. It also needs to be online so consumers don't have to type URLs.

Key insights: Consumer perceptions of receiving disclosure information at different stages in the advice process

	Stage one: Determining what advice is needed	**Stage two:** When recommendations are made
Licencing	Seen as adviser's standard assurance about their legitimacy. Expect to find it online or briefly covered during introductory chat. *Preferred method of delivery: Verbal and online.*	
Disciplinary and insolvency or bankruptcy history	Protection seekers and opportunistics are likely to engage with this information more briefly compared to controllers and confident navigators (who may want it in more detail). *Preferred method of delivery: Verbal and online*	
Product range and market access	Full detail needed upfront as it is important for judging what is on offer and whether the adviser can meet consumers' needs. *Preferred method of delivery: Verbal and on paper*	
Cost of advice (to the consumer)	One of the key things consumers use to decide whether their adviser will meet their requirements. Needed in full detail. *Preferred method of delivery: Verbal and on paper*	
Adviser pay and commission information	Opportunistics and confident navigators view early detailed disclosure distracting. Brief disclosure at this stage enough to prompt questions. *Preferred method of delivery: Verbal only*	Detailed disclosure linked with recommended product preferred because it reduces the variables consumers have to consider and assess. *Preferred method of delivery: Verbal and on paper*
Code of conduct and complaints process		Information not seen as critical to key decisions making during the advice process, but good to have in case things go wrong. *Preferred method of delivery: Verbal and online*

Contents

MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

1.
Research need

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Ensuring disclosure information is accessible and relevant to what consumers need based on where they are in the financial advice process

The ***Ministry of Business, Innovation and Employment (MBIE)*** recently undertook a detailed review of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008. Based on this, the Government decided to amend the regulatory regime via the draft Financial Services Legislation Amendment Bill (the Bill). Under the Bill, financial advice businesses and individuals must disclose certain information, which is intended to help consumers make informed decisions before receiving financial advice. MBIE is developing regulations to set the detailed disclosure requirements.

In doing so, MBIE is looking to ensure consumers make confident and informed decisions around what type of financial advice they need, who they need it from (e.g. an individual or business), and whether to follow that advice or not.

To achieve this, the proposed changes to the disclosure regime would require that specific disclosure information is provided to consumers at key stages of their journey in seeking and receiving financial advice. This would ensure the information is clear, transparent and relevant, specific to what consumers need based on their circumstances, easy to understand and interpret correctly, and provided to consumers when they need it.

Research purpose – To understand the information and channel mix that consumers need at key points of their financial advice process, and where information needs to be summarised and signposted

Specifically, this research aims to:

Understand the effectiveness of providing consumers with information at different points in the advice process and through different methods (e.g. online, verbally or in writing):

- What key information do consumers find most relevant at what stage?
- What is the most effective channel for delivering this information to ensure it is engaging and useful?

Understand how summary disclosure information could be more accessible and less onerous:

- Where in the advice process would summary disclosure information (with 'signposts' to more detail) be most helpful?
- How would this be delivered to ensure it is easy to understand and meets a spectrum of consumer needs?

Understand how the disclosure regime can be flexible for advisers but still ensure consumers get key information they need in a useful way:

- In what ways can a 'tick-box approach' to disclosure be circumvented without incurring undue compliance costs on advisers, while at the same time ensuring consumers have access to relevant disclosure information at the right point in the process.

Our approach

A total of **15 qualitative in-depth interviews** were conducted with two categories of consumers based on the financial products they obtained (or were looking to obtain) professional financial advice on.

The interviews were conducted in September and October 2018 and each interview lasted up to one and a half hours.

FINANCIAL PRODUCT	LOOKING FOR FINANCIAL ADVICE	RECENTLY RECEIVED FINANCIAL ADVICE	TOTAL
Mortgage	2	3	5
Insurance	2	3	5
Investment (including KiwiSaver)	2	3	5
Total	6	9	15

Within each category of financial product, we also recruited consumers from each attitudinal segment (i.e. opportunistics, protection seekers, controllers, and confident navigators) identified in MBIE's research in 2017 undertaken by Colmar Brunton. An overview of these segments is detailed on the next page.

Across the sample, we achieved a range of gender, ethnicity and lifestage (refer Appendix A).

These attitudinal segments are based on consumers' risk outlook and level of reliance on others vs. themselves in making financial decisions*

RISK TAKERS

RELY ON SELF

RELY ON OTHERS

Confident navigators: Give me information and advice that I can't find elsewhere

These consumers are independent and self-assured. They are comfortable taking calculated risks in order to meet their goals, and in this regard achieve success through knowledge and effort.

They generally know what they are doing when it comes to finances, and mostly work with trusted advisers with whom they have long-standing relationships.

They expect these advisors to give them bespoke insights and information, and place a priority on their needs and interests as a preferred client.

An adviser's reputation and their technical skills with advanced financial products have a strong bearing on these consumers' trust in the advice they receive.

Opportunistics: Make the financial decision making process easy for me

These consumers are less knowledgeable about financial concepts but impulsive and brave when making decisions. They are open to high risk, high reward opportunities but they find success probably more due to luck than their own skill.

They are short-term thinkers and rely on professional advisers to help reduce the stress of making financial decisions and minimise the effort required on their part. They trust the experts and tend to go with their adviser's recommendations.

These consumers are a little naïve, and typically draw confidence from an adviser's reputation, approachability and overall customer service.

Controllers: Give me the complete picture so I can make the right decision

These consumers are financially knowledgeable and cautious, and retain full authority over their financial decisions.

They take a disciplined approach and try to build a complete picture before making a decision. These consumers see trusted advisers as good sounding boards and a means to look at multiple choices and options. They look for comprehensive information from their advisers but they ultimately see themselves as the final decision maker.

They draw confidence about their adviser from information on how their adviser is capable of providing them with comprehensive, reliable, and accurate information.

Protection Seekers: Tell me exactly what to do

These consumers lack financial knowledge. This makes them less confident in making financial decisions and hence take a low risk approach to new decisions.

They do not want to engage in the complexities of finance, and look for a trusted adviser to help make their decisions and arrange everything. These consumers seek reassurance from their adviser, and like to be told what's best for them.

These consumers draw confidence from the adviser's ability to provide them with easily understandable and actionable recommendations that have minimal jargon or technicalities.

RISK AVERSE

**In 2017, Colmar Brunton developed these segments for MBIE's research to understand New Zealanders' disclosure information needs.*

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2.

Consumer attitudes to current disclosure information

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The attitudinal segments (shown on page 9) influence what disclosure information consumers find useful, and this remains consistent across any financial product they may seek advice on

The key differentiator of what disclosure information consumers look for and find useful is their risk attitude and reliance on themselves vs. others when making financial decisions. This is consistent across the type of product consumers are interested in.

Alongside this, two other factors mediate consumers' engagement with disclosure information during the advice process. These are:

- Whether the consumer knows the adviser already or he/she was referred to them; and/or
- Whether the adviser works for a company with an established reputation in New Zealand.

If the adviser is referred or known previously to them, it creates complacency towards disclosure information and consumers don't look for or question their adviser's disclosure information

Consumers are unlikely to look for disclosure information if their adviser has been referred to them from within their social circle. Most assume their adviser wouldn't have been recommended if they lacked expertise.

For consumers who have worked with their adviser before, the desire to maintain that relationship takes precedence over more formal aspects like getting proper disclosure information. Moreover, some may fail to recognise that their adviser's circumstances may have changed since the last time they received advice from them.

This attitude can diminish the effectiveness of disclosure by giving consumers false confidence in their adviser. As a result, consumers don't feel the need to follow-up their adviser's disclosure with their own line of questioning.

"My brother had worked with this broker and he recommended [the adviser] to me. When we finally met for a coffee, [the adviser] told me his qualifications and a bit of his background. That's all I can remember from memory…I didn't really look for anything else about it him. I just had a chat with my brother again to get an idea of whether this guy was good. Figured if he did good by my brother then should be okay."

Insurance, Received advice

"No I didn't really check up on the adviser apart from what was on her website. She was really good the last time when we needed to set up our mortgage."

Mortgage, Received advice

The reputation of the adviser’s company can encourage consumers to pay less attention to disclosure information because they assume the company has vetted its advisers and will bear the cost of any incompetent/dishonest advice

If the adviser belongs to a well-known bank, insurance provider or brokerage firm, consumers often assume the advisers’ company has undertaken proper due-diligence and will bear the consequence should anything go wrong.

Hence, the burden of responsibility to ensure the advice is fair and relatively high quality is shifted onto the adviser’s company, and consumers don’t feel they need to search for, or properly engage with disclosure information.

“I didn’t know [the adviser] myself but she knew my son and I’d seen her before when I went in to deposit some money…she worked for [the bank] so I assumed she had her licence and things.”

Investment, Received advice

“You have to watch out for the smaller guys, the one-man bands. If it’s a big company [that the adviser works for] then they wouldn’t employ someone because it's their neck on the line right?.”

Mortgage, Looking for advice

Alongside this, the advice process can often be complicated and long. This means the way disclosure information is often presented currently in one go upfront can lead to consumers forgetting it by the time it becomes relevant…

Many consumers deal with their adviser over an extended period of time with multiple interactions in person, over the phone, and online. Often during this process, disclosure information can be presented too early when it's not really relevant to consumers' decision making.

This can lead to situations where consumers fail to consider key aspects about the advice they receive (e.g. not getting the best deal because the adviser doesn’t have full market access) because they received that information too far back in the process.

“

“We’ve been looking for a house for over six months now…we’ve worked with the same broker…I don’t really remember what he told us at the start but I think he did say something about him being registered with someone and that he’d been doing this for years.”

Mortgage, Looking for advice

…and it also makes it harder for consumers to meaningfully engage with it amidst the plethora of financial information and documentation that they have to deal with

Consumers (especially opportunistics and protection seekers) often struggle with the amount of complicated financial and product-related information they have to assimilate during the advice process. This leads them to perceive disclosure information as an added information burden. Consumers often disregard and ignore it as ‘fine print’ they don’t need to worry about, and choose instead to focus on the product the adviser is recommending.

Hence, consumers appreciate disclosure information being delivered at specific points in the advice process. This enables them to see its relevance to their decision making and can engage with it more fully. There is a clear sense that it helps them ask more questions of their adviser, and approach their recommendations from a more informed perspective.

“

“Didn’t really read [the disclosure document]. We had about ten forms to fill out and then this other document tacked on at the end which I think had some information about our broker’s licence? I don’t know. I didn’t really pay too much attention to it…we were more worried about what we could get the pre-approval.”

Mortgage, Received advice

“You’d want to have [disclosure information] broken up somehow. I don’t know how but when you first meet your adviser you’re trying to suss them out to see if they will listen to you and give you a good deal.”

Mortgage, Received advice

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3.

Consumer perceptions of receiving disclosure information at key stages of the advice process

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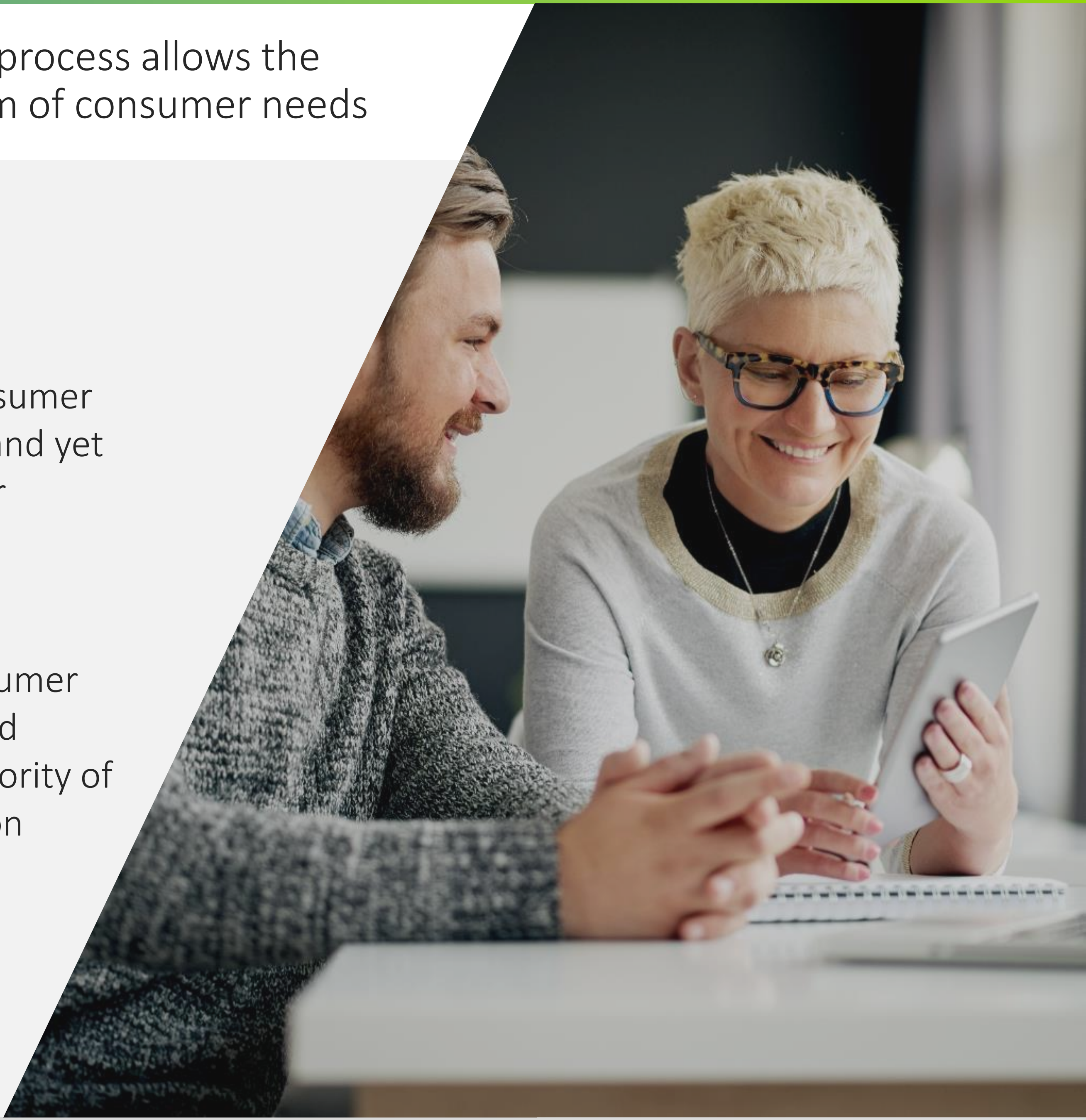
Providing information at different points in the advice process allows the disclosure regime to remain relevant across a spectrum of consumer needs

Some information may not be particularly useful to one consumer segment (e.g. disciplinary history for confident navigators), and yet it would still need to be covered by the disclosure regime for others to whom it is useful (e.g. opportunistics).

To achieve this type of cover across the entire range of consumer needs, disclosure information can be broken up and provided where its relevance and usefulness is maximised for the majority of consumers. This would ensure it doesn't place an information burden on consumers who don't need it, nor put undue compliance costs on the adviser.



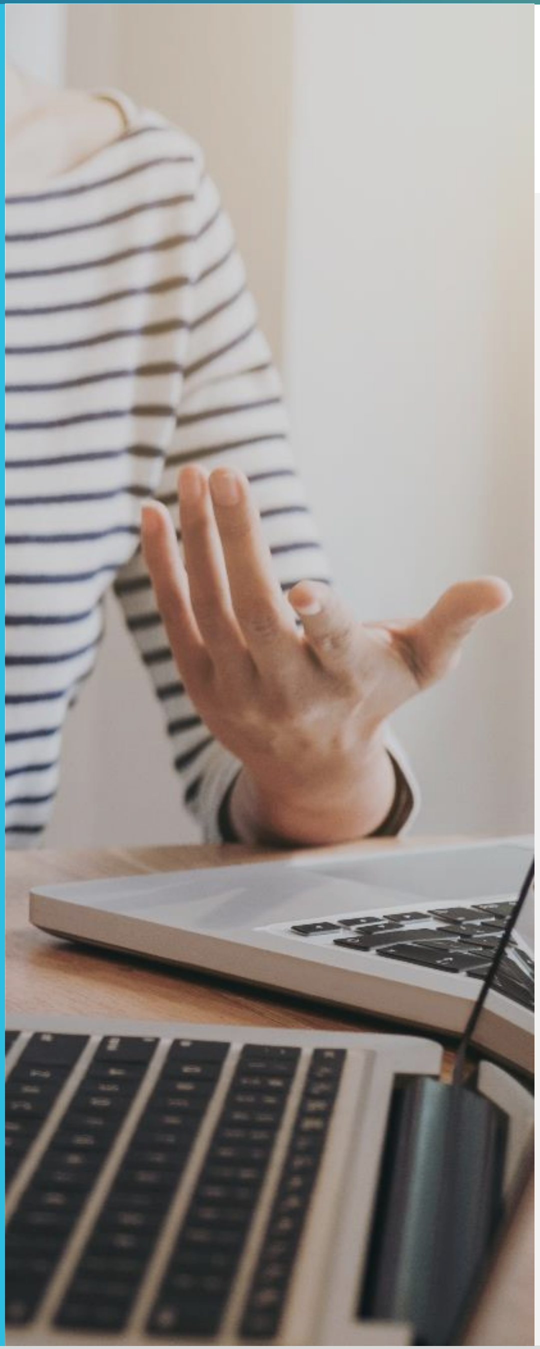
In this context, we looked at consumers' disclosure needs at two stages to see what information is most useful when, and the preferred channel(s) this can be delivered through to achieve a balance between accessibility and relevance

Stage one:
Determining what advice is needed

This includes all initial interaction between consumers and their adviser to establish (or renew) their relationship, and determine if and how the adviser will be able to meet the consumer's needs and expectations.

Stage two:
When recommendations are made

This includes all subsequent interactions from the point when the adviser makes their recommendation through to the consumer acquiring the recommended financial product (if they choose to do so).



Stage one: Determining what advice is needed

For consumers, the initial discussions with their adviser are about ensuring the 'right fit'. Consumers look for what they value in their adviser (based on their attitudinal segment for financial decisions) and whether the adviser will tailor advice to their unique situation.

Consumers need disclosure information that supports and feeds into this assessment. There is a clear aversion to any disclosure that shifts the focus of attention away from the consumer's needs and the financial products the adviser is working with. Consumers prefer the following things to be disclosed during this stage of the process:

- Licensing
- Disciplinary and insolvency or bankruptcy history
- Cost of advice (to the consumer)
- Product range and market access
- Overview of adviser's commission and incentives information

Consumers think of **licensing information** as part of their adviser's standard assurance about their legitimacy to operate, and expect the adviser to cover this information during their introductory chat

Licensing information (and details of qualification and experience) is viewed as a part of an adviser's credentials. Opportunistics and confident navigators, who particularly value this information, view it as a health check of their adviser's overall capability and competency.

Across all segments there is a perception that this information generally doesn't require much explanation. As long as the adviser states they are licenced verbally, this is taken at face value and not followed up with questions or further enquiry unless there are serious doubts about their adviser.

This is even more the case for advisers who work at large banks or insurance companies. Consumers tend to view them as established financial institutions that are regulated by the government. This means their advisers are assumed to be suitably qualified and compliant with all necessary regulations.

Preferred way to receive this information:

Verbally only – Information seen as something to 'tick off' before starting detailed discussions with adviser. Some would check this information online after meeting their adviser if absolutely necessary.

"You'd expect the adviser to have some kind of licence or registration that says 'I am who I say I am'…but no I wouldn't really look much into it after [the adviser] mentions it."

Mortgage, Looking for advice

"I looked up the adviser's website that she was registered and had a BCom or some such. I don't think she mentioned it when we met but it definitely gave me some reassurance that she was legit."

Insurance, Received advice

Disclosure about the adviser's **disciplinary and insolvency or bankruptcy history** is important for judging their reliability and honesty, but the preferred timing and methods for receiving this information varies by segments

All segments expect their adviser to disclose their disciplinary and insolvency or bankruptcy history at some stage during the advice process.

Controllers and confident navigators tend to want the full picture about their adviser before going too far into the advice process and prefer to receive this information earlier. Protection seekers and opportunistics appreciate the information's value as well, but may feel uncomfortable discussing it in detail with their adviser. Moreover, it can create a perception of added complexity for these consumers because it adds one more variable to be considered.

As a balance, disclosing this information verbally during the initial discussions could allow the adviser to raise the topic, and give controllers and confident navigators the opportunity to probe further if needed, while other consumers can choose to engage with it to the level they see fit.

Preferred way to receive this information:

Verbally – So the adviser can raise the topic, provide context around it, and answer any questions or concerns the consumer may have without making it a focal point of the conversation if the consumer doesn't want it to be.

Online – Detailed on the adviser's website for consumers who want to follow-up in detail.

"[Disciplinary history] is bit of a biggie. You'd want to know that upfront especially since [the adviser] will be dealing with your money."

Investment, Looking for advice

"[Disciplinary history] is good to have, I'd want to know that stuff but not sure if I want the adviser to tell me straightaway. I feel like it's putting him at a disadvantage. I wouldn't mind waiting till a bit later…after I've seen what he has to offer."

Insurance, Received advice

Consumers look to assess what the adviser has to offer and if that meets their needs during their initial discussions. Hence, they appreciate **product range and market access** disclosure

Consumers generally work with an adviser to access a range of financial products that they may not be able to access or understand themselves. Therefore, most segments want to know what products their adviser can access and why because it gives them a clearer picture of what is on offer. The only exception are protection seekers who rely on their advisers to make their financial decisions simpler, and don't want detailed product information.

Opportunistics appreciate their adviser explicitly stating what limitations their product range places on their advice because they often haven't thought about this themselves (e.g. because I only consider three mortgage products on the market may mean you won't get the best deal for you). However, for confident navigators and controllers, knowing what products the adviser can or can't access is enough to start their thinking (e.g. I can only consider three mortgages), and subsequently have a conversation about what limitations the adviser may be under based on their product portfolio.

Across all segments, consumers who work with a bank or insurance company tend to be cognisant that their adviser is restricted to their company's financial product. Similarly, those who ask their adviser to consider specific criteria (e.g. ethical funds for KiwiSaver) are aware of the restrictions this places on the advice they will get.

Preferred way to receive this information:

Verbally and on paper – Most want their adviser to talk through this information in detail and confirm it on paper so they can analyse it in their own time, and compare and contrast with any other offerings on the market.

"I'd ask [the adviser] why only those two products…but I would ask those questions anyway without him spelling it out that I might not get the best deal."

Investment, Looking for advice

"We didn't really think about [product range and market access] when we met our adviser. He said 'go with this bank' and we were like yep ok, the rates look good."

Mortgage, Received advice

Consumers appreciate knowing the **cost of advice** to them during initial discussions with the adviser. This typically also brings up the subject of how the adviser is paid

All consumer segments expect to be told early in the process how much the adviser will charge them. If not already mentioned, controllers and protection seekers are likely to question this fairly early into the process because it helps them to decide whether to commit to the advice process or not. Confident navigators and opportunistics might adopt a wait and see approach at the start, but are likely to bring up the topic at some point before stage two.

All segments have a strong preference to know about additional expenses for each product on offer, like clawback fees, before a recommendation is made. This helps them compare between the products the adviser is offering and assess whether they need to talk with someone different.

Generally, conversations with consumers about costs also provide an opportunity to touch upon the subject of how the adviser may be paid.

Preferred way to receive this information:

Verbally and on paper – Cost of advice is seen as the 'price tag' and consumers want it explicitly stated and written down as confirmation of what they will be charged.

They see it as good to have on record in case it may be relevant to a complaint or other concern about the advice received.

"It was one of the things I had a chat with the adviser about. How much is it going to cost me? I didn't know that most of them are on commission."

Mortgage, Received advice

"I want to know upfront if a company is going to charge me for cancelling my policy. Things change and three years is a long time. If the adviser told me that [clawback fees] apply, I'd say no then and there. I don't know if all companies do this but I'd want to know so I can compare and go with one that doesn't."

Insurance, Looking for advice

Consumers appreciate **commission and incentives information**, but detailed disclosure is more relevant when the adviser makes the recommendation so consumers can see what they will get out of the advice process

All segments believe that a brief overview of how an adviser is paid, and the commission and incentives they receive, is a good way to build mutual trust and enhance transparency.

However, opportunistics and confident navigators consider detailed disclosure at this stage is unnecessary. They view it as a distraction that takes the focus of the conversation away from their needs and how those will be met, and places it instead on what the adviser will get out of the process.

Moreover, providing a brief overview at this stage is generally sufficient to prompt controllers and protection seekers to seek further information about commission and incentives. Hence, a brief mention of commission and incentives structure at this point with more detailed disclosure during stage two can strike the right balance for all segments. If needed, the adviser could provide a way to access more detailed information via the summary disclosure document (which is discussed later in this report).

Preferred way to receive this information:

Verbally – Brief overview of adviser's commission and incentives.

Brief mention on a summary document

"I know already that they get paid by commission and I asked my adviser how he got paid and who paid him etc. and he told me but obviously not to that level of detail."

Mortgage, Received advice

"I wouldn't be impressed if the adviser told me how much money he was going to make off me. It makes the conversation all about [the adviser]. If I ask them to go into detail then that's fine, but upfront it's all a bit much."

Insurance, Looking for advice

Stage two: When recommendations are made

Stage two: When recommendations are made

Once the adviser makes their recommendation, consumers look to understand how the adviser formulated his/her advice and whether this fits with what they need.

This is when consumers value disclosure information about the adviser and any factors that may have influenced their advice. Specifically:

- Detailed adviser commission and incentives information
- Code of conduct and complaints process

Stage two: When recommendations are made

Consumers consider **detailed commission and incentives information** most useful at the point when advisers make specific recommendations

Most consumers find it useful when detailed commission and incentives information is linked to a specific product and provided when the adviser makes their recommendation. It helps consumers think about who will get what out of the advice process. It also simplifies the recommendations for consumers, who only have to consider one or two products and its related commissions and incentives.

Consumers generally don't distinguish between the relative value of soft incentives (e.g. All Blacks tickets vs. a wine tour). Instead, soft incentives are all seen as perks for advisers selling different financial products. Knowing this (about soft incentives) is especially useful for controllers and protection seekers. However, confident navigators and opportunisitics may lack interest in soft incentives because they tend to view it as private and confidential information, and are unable to recognise the relevance to their decision making.

Preferred way to receive this information:

Verbally and on paper – Consumers expect their advisers to go through their detailed commission and incentives information with them in person as part of their explanation for why they recommended a specific product.

Ideally, this would also be part of the information pack consumers receive about their recommended products.

"It's good to see where the money is going and it makes sense to have it next to the product [the adviser] is recommending. Means I can see what I get out of it and what he gets as well. I don't have to worry about all the different combinations of products and commissions…that was doing my head in."

Insurance, Looking for advice

"I can't tell the difference [between different soft incentives]. It's the same at the end of the day. It's the companies cosying up to the advisers to try and get them to sell more of their policies."

Mortgage, Looking for advice

Consumers view disclosure about the adviser's **code of conduct** and the **complaint process** as not overly important to the advice they receive, and hence only needs to be included near the end of the advice process

Disclosure about the adviser's code of conduct provides reassurance that they will act responsibly. However, consumers see it as 'nice to have' rather than a necessary part of any important decision making. All segments place much more value on other aspects of their adviser (e.g. cost of advice, limitations on advice/market access) rather than his/her code of conduct.

Similarly, information on the complaint process isn't considered essential for key decisions, especially by confident navigators who are often already aware of how to make a complaint and trust their ability to work with the right advisers. Moreover, opportunistics and protection seekers don't want to receive this information earlier because it generates unfounded doubts and suspicions about the quality of advice they may receive, and is seen to unnecessarily undermine their relationship with the adviser. Generally only controllers value this information upfront as it helps them build a full picture of their adviser and what he/she has to offer.

Code of conduct and complaint information is even less important for consumers if the adviser works for a bank or large company. In that situation, consumers expect the adviser will exhibit a standard of behaviour in keeping with her/his company's reputation, and any wrongdoing on the adviser's part will be set right by their parent company.

Preferred way to receive this information:

Verbally – Similar to licensing information, this is seen as part of the 'fine print' of the advice process. Most view it as useful only if things go wrong.

Online – Detailed on the adviser's website or provided in an email for the consumer's record-keeping.

"The code of conduct stuff, it's about as much worth as the paper it's written on…don't get me wrong, it's good to have because you can tell [the adviser] is beholden to something. But yea, happy to receive it in passing to be honest."

Investment, Received advice

"If the adviser told me about their complaints process first I would be going 'Why, what's wrong with what you are about to tell me?'…it would put me on edge even before anything's been discussed."

Investment, Looking for advice

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4.

Ensuring the disclosure regime is flexible and accessible

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Providing relevant disclosure information at different stages of the advice process removes the need to provide it all upfront, and minimises the need to have prescribed disclosure templates

Consumer interactions with their advisers during both stages one and two are likely to be spread out over a period of time and include multiple meetings. This provides a range of delivery points for disclosure information especially given most consumer's preference for a mix of verbal and written disclosure (as mentioned in the previous section).

This means that not all disclosure information needs to be written in legal terms and provided in a single document upfront to ensure every facet and tiny detail is covered. Instead, some disclosure (e.g. licensing and code of conduct) can be briefly covered conversationally, while disclosure about other things like product range and cost of advice can be detailed in writing in a format and layout designed by the adviser when they make their recommendation.

This provides flexibility in terms of the format and delivery, while at the same time ensuring key information that gives consumers confidence in their advisers is still included.

Alongside this, the amount of detail and specificity preferred by consumers varies by segment (e.g. disciplinary history for controllers and confident navigators). A summary document with signposts to more detail could be an effective channel to achieve a minimum level of disclosure while still providing a way for consumers to delve deeper into areas that they are interested in.

A summary document needs to be provided online in order to effectively link to additional information, and it needs to be available at the right point in the advice process

Overall, consumers tend to prefer disclosure information that is easy to understand and not overburdened with detail or technicalities that lacks relevance. Most agree a short summary document that uses plain language to cover the salient points regarding their adviser would be a useful starting point for their thinking about the advice they are receiving.

However, this needs to be available during stage one. That's when most consumers make the decision of whether to go with their adviser or look elsewhere, and having the summary disclosure information available then would nicely complement this decision making process. By stage two, opportunistics and protection seekers especially feel 'locked in' with their adviser and don't want to appear to waste anyone's time by backing out unless they have very serious problems with the advice.

Most consumers communicate with their adviser online to some degree to exchange relevant documents and forms. There is a sense the summary document needs to be online as well so that any URLs can be accessed directly from a tablet or computer without having to type in the address manually. Some prefer receiving the document in paper as well, and this can be included as part of the initial documentation the adviser gives to the consumer when gathering their details (contact information, financial history etc.) to develop their recommendation.

"You'd want something like [the summary document] just after you've had the initial conversation with the adviser. Just so you can mull things over a bit. That's when you make that decision to press on or not. Any later and you've kind of already committed."

Insurance, Received advice

"[The summary document] has to be in plain English. And short. Even if it something like a checklist that you have to sign because that would make you read it and not just be like 'oh yea, great. Next'. And it most definitely online. I would never type in any of these links, especially long ones."

Mortgage, Looking for advice

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Appendix

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Demographic details of consumers interviewed

Gender

	TOTAL
Male	8
Female	7
Total	**15**

Ethnicity

	TOTAL
NZ European	9
Māori	1
Pacific peoples	3
Asian	2
Total	**15**

Lifestage

	TOTAL
Young single/double income individuals with no children	4
Single/couple parents with young children (< 12 years old)	4
Single/couple parents with young children (> 12 years old)	3
Empty nesters/Retirees	4
Total	**15**

Attitudinal segment

	TOTAL
Opportunistics	2
Protection seekers	4
Controllers	5
Confident Navigators	4
Total	**15**

MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

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COLMAR BRUNTON
A Kantar Millward Brown Company

IMPORTANT INFORMATION

Research Association NZ Code of Practice

Colmar Brunton practitioners are members of the Research Association NZ and are obliged to comply with the Research Association NZ Code of Practice. A copy of the Code is available from the Executive Secretary or the Complaints Officer of the Society.

Confidentiality

Reports and other records relevant to a Market Research project and provided by the Researcher shall normally be for use solely by the Client and the Client's consultants or advisers.

Research Information

Article 25 of the Research Association NZ Code states:

a. The research technique and methods used in a Marketing Research project do not become the property of the Client, who has no exclusive right to their use.
b. Marketing research proposals, discussion papers and quotations, unless these have been paid for by the client, remain the property of the Researcher.
c. They must not be disclosed by the Client to any third party, other than to a consultant working for a Client on that project. In particular, they must not be used by the Client to influence proposals or cost quotations from other researchers.

Publication of a Research Project

Article 31 of the Research Association NZ Code states:

Where a client publishes any of the findings of a research project the client has a responsibility to ensure these are not misleading. The Researcher must be consulted and agree in advance to the form and content for publication. Where this does not happen the Researcher is entitled to:

a. Refuse permission for their name to be quoted in connection with the published findings
b. Publish the appropriate details of the project
c. Correct any misleading aspects of the published presentation of the findings

Electronic Copies

Electronic copies of reports, presentations, proposals and other documents must not be altered or amended if that document is still identified as a Colmar Brunton document. The authorised original of all electronic copies and hard copies derived from these are to be retained by Colmar Brunton.

Colmar Brunton ™ New Zealand is certified to International Standard ISO 20252 (2012).
This project will be/has been completed in compliance with this International Standard.