

#64

COMPLETE

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Page 3

Q1 Overall, do you agree or disagree with [standard 1] and proposed commentary? **Agree**

Q2 Please provide any comments on [standard 1] and the proposed commentary.

Not sure what is meant by "Fairness is not one-sided and depends on the particular circumstances" and whether this adds anything to the commentary.

Page 4

Q3 Overall, do you agree or disagree with [standard 2] and proposed commentary? **Agree**

Q4 Please provide any comments on [standard 2] and the proposed commentary. **Respondent skipped this question**

Page 5

Q5 Overall, do you agree or disagree with [standard 3] and proposed commentary? **Agree**

Q6 Please provide any comments on [standard 3] and the proposed commentary. **Respondent skipped this question**

Page 6

Q7 Overall, do you agree or disagree with [standard 4] and proposed commentary? **Agree**

Q8 Please provide any comments on [standard 4] and the proposed commentary.

The Commentary refers to fees and costs associated with any financial advice product. Presumably this means repayment amounts for mortgages and premiums for insurance.

Does there need to be reference to future costs and fees? For example the cost of breaking a fixed rate term on a mortgage, or the fact that insurance premiums will increase with age on yearly renewable risk products. Whilst these future costs may not be quantifiable at the outset, reference to these future costs should be made. Could be covered by amending bullet point 2 to read "...fees and costs (both current and future) associated with following the financial advice..."

Page 7

Q9 Overall, do you agree or disagree with [standard 5] and proposed commentary? **Agree**

Q10 Please provide any comments on [standard 5] and the proposed commentary.

3rd paragraph of commentary - every mortgage or insurance offered by our members would be selected from the suite of available products in the market. In the case of mortgages, we have access to bank and non bank lenders. It would be impractical to do a comparison between all mortgage products available and we don't believe this is the intention of the Code. The first sentence could include ".....of each product that suits the client's circumstances.

Page 8

Q11 Overall, do you agree or disagree with [standard 6] and proposed commentary? **Agree**

Q12 Please provide any comments on [standard 6] and the proposed commentary.

Presumably paragraph 2 of the Commentary allows a financial adviser to market other financial products to its clients. This would be normal practice.

Paragraph 4 - Retention of client information is necessary after the engagement has ceased. For example a client may move from Adviser A to Adviser B, then make a claim under say an income protection policy introduced by Adviser A. In the case of non disclosure this may involve Adviser A and their PI Insurance may be called into play, even though Adviser B is now servicing the client.

Page 9

Q13 Overall, do you agree or disagree with [standard 7] and proposed commentary? **Agree**

Q14 Please provide any comments on [standard 7] and the proposed commentary.

In the case of small adviser practices, the person investigating the complaint is likely to be the same individual involved in the cause of the complaint. Paragraph 2 of the Commentary covers this by saying "Where practicable.."

Page 10

Q15 Overall, do you agree or disagree with [standard 8] and proposed commentary? **Agree**

Q16 Please provide any comments on [standard 8] and the proposed commentary. **Respondent skipped this question**

Page 12

Q17 Overall, do you agree or disagree with [standard 9] **Agree** and proposed commentary?

Q18 Please provide any comments on [standard 9] and the proposed commentary.

Our preference is that NZ Certificate in Financial Services L5 is required by everyone giving financial advice. This would eliminate any confusion and subjectivity.

Demonstrating that an alternative qualification satisfies the standard is going to be difficult and may place an unnecessary burden on Head Groups, or mean a cost in obtaining independent qualified verification/ gap analysis.

It is not clear whether a person who has obtained the unit standards under the National Certificate (Standard Set A and Standard Set C), but not completed and received the Certificate would meet this standard. We understand the intent is that the Certificate must be completed. If this is correct then wording could be:

“Have fully completed” the New Zealand Certificate in Financial Services... or the National Certificate

Could an individual who operates as a financial adviser through their limited liability company consider themselves an Entity to avoid gaining the L5 qualification? Maybe there is a need to define an “Individual” and an “Entity” at the start as you have done with “client” and “financial advice” to make it clear.

Page 13

Q19 Overall, do you agree or disagree with [standard 10] **Agree** and proposed commentary?

Q20 Please provide any comments on [standard 10] and the proposed commentary.

Should the last paragraph on page 8 “The code does not limit the ways” be part of the standard or the Commentary? It would have been good to see more definition around CPD credits, but keeping this open allows industry bodies to devise our own measurement and set our own standards (for example something similar to current AFA standard).

Page 14

Q21 Overall, do you agree or disagree with [standard 11] **Agree** and proposed commentary?

Q22 Please provide any comments on [standard 11] and the proposed commentary.

It is unclear regarding KiwiSaver. Perhaps the new NZ Certificate in Financial Services will contain a KiwiSaver strand that will be at a lower level than the Investment strand to allow mortgage/ insurance advisers to give KiwiSaver advice.

Same comments as before regarding the National Certificate / Entities.

Page 15

Q23 Overall, do you agree or disagree with [standard 12] **Agree** and proposed commentary?

Q24 Please provide any comments on [standard 12] and the proposed commentary.

Same comments as before.

Page 16

Q25 Is there anything missing from the draft Code? **Yes**

Q26 If you answered yes, what is missing?

Clarity on minimum standards for giving KiwiSaver advice.

Option for a consumer to opt out - limited advice. We would not want to encourage this however there will be some cases where the consumer does not want advice.

Q27 Do you have any feedback on the examples, or suggestions on other examples that should be included in the draft Code?

No

Q28 Is there anything else you want to say?

Generally we are happy with the content and direction.

Page 17

Q29 Name

Malcolm Scott

Q30 Your role or professional title

Head of Audit and Compliance, NZ Financial Services Group

Q31 Individual or organisational submission

This is a submission on behalf of an organisation (eg employer)

Q32 If you give financial advice...

Respondent skipped this question

Q33 My organisation or I give the following types of advice...

Fire and general insurance,
Mortgages,
Other personal lending,
Life and/or health insurance

Code Working Group - Online Submission Form

Q34 Organisation Name

NZ Financial Services Group Limited / Loan Market

Q35 Type of organisation

Dealer group

Q36 Size of organisation

Medium firm (10-50 staff)

Q37 If there are other things we should know about you or your business that would provide context to your answers, please provide details below.

Our membership totals 1100 made up of mortgage and insurance advisers. Loan Market is our branded offering.

Q38 Please indicate whether your submission contains any information that is confidential or whether you do not wish your name or any other personal information to be included in a summary of submissions.

No confidential information

Q39 Please provide your contact details (email and/or phone number) This is the only question that requires an answer. This information would not be released publicly. We may get in touch with you in order to help us understand particular points from your submission.

s 9(2)(a)

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