



#4

COMPLETE

- **Started:** Thursday, February 18, 2016 11:47:07 AM
- **Last Modified:** Thursday, February 18, 2016 1:56:58 PM
- **Time Spent:** 02:09:50
- **IP Address:** Redacted

PAGE 2: Chapter 3 - Barriers to achieving the outcomes

Q1: 1. Do you agree with the barriers outlined in the Options Paper? If not, why not?

No. Financial literacy is also poor so consumers don't really know they need advice. Many don't know who is providing their KiwiSaver or how it is invested.

Q2: 2. Is there evidence of other major barriers not captured in the Options Paper? If so, please explain.

Lack of financial literacy. Advice not sought. General apathy.

PAGE 3: Chapter 4 - Discrete elements

Q3: 3. Which options will be most effective in achieving the desired outcomes and why?

Option 2.

Q4: 4. What would the costs and benefits be of the various options for different participants (consumers, financial advisers, businesses)?

AFAs would continue much as they do now. No need for a licensing regime as this will simply add a further layer of costs and complexity that is not required. RFAs should have to meet a minimum competency level, but not to current AFA standards, depending on the type of products they want to advise on.

Q5: 5. Are there any other viable options? If so, please provide details.

Respondent skipped this question

Q6: 6. What implications would removing the distinction between class and personalised advice have on access to advice?

Make it easier for advice to be given on simple products like KiwiSaver by those currently operating as RFAs. Much more advice could be given using this method. Complex products will still demand complex advice.

Q7: 7. Should high-risk services be restricted to certain advisers? Why or why not?

Yes. Proof of significant training and expertise required to do this.

Q8: 8. Would requiring a client to 'opt-in' to being a wholesale investor have negative implications on advisers? If so, how could this be mitigated?

Respondent skipped this question

Q9: 9. What ethical and other entry requirements should apply to advice platforms?

Respondent skipped this question

Q10: 10. How, if at all, should requirements differ between traditional and online financial advice?

No difference. The same Disclosure obligations should continue, plus a duty of care where the online provider cannot contract out of liability for the advice given.

Q11: 11. Are the options suggested in this chapter sufficient to enable innovation in the adviser industry? What other changes might need to be made?

Yes

PAGE 4: Chapter 4 - Discrete elements

Q12: 12. If the ethical obligation to put the consumers' interests first was extended, what would the right obligation be? How could this be monitored and enforced?

No need to extend the simple caveat 'put the consumer's interests first'. There is no effective way of monitoring this as most cases are subjective.

Q13: 13. What would be some practical ways of distinguishing 'sales' and 'advice'? What obligations should salespeople have?

Salespeople should have to disclose as per Package 3 whether they are bank employees or not. Also to advise the client that they are unable to give 'advice'.

Q14: 14. If there was a ban or restriction on conflicted remuneration who and what should it cover?

Only on clear evidence of 'mass' churning. Otherwise no need for any wholesale changes as the 'client's interests first' caveat should always prevail. This must also cover salespeople if it is to have any real meaning.

Q15: 15. How can competency requirements be designed to lift capability, without becoming an undue barrier to entry and continuation in the profession?

A minor entry requirement for those starting in Financial Advice. Based on ethics and current legislation. Gradually increasing requirements until they meet the correct level of competency for the advice or products they deal with. No need for a AFA level of competency if advising on insurance only. Then another step up for KiwiSaver etc. The competency must fit the role and continue in steps rather than the current gulf between an RFA and AFA.

Q16: 16. Should all advisers be subject to minimum entry requirements (Option 1)? What should those requirements include? If not, how should requirements differ for different types of advisers?

See above.

Q17: 17. What are the benefits and costs of shifting to an entity licensing model whereby the business is accountable for meeting obligations (Option 1)? If some individual advisers are also licensed (Option 2), what specific obligations should these advisers be accountable for?

No benefits at all as most operators are one or two man bands. AFAs are already meeting a licensing model simply by attaining AFA status. Licensing will simply add another layer of cost, frustration and disincentive to giving advice. Bigger firms may wish to use a licensing model but I can't see any benefit for sole traders or the consumer.

Q18: 18. What suggestions do you have for the roles of different industry and regulatory bodies?

Professional bodies must be included in any working groups giving advice to the FMA or Minister. They would not form a majority but it is very important that their voices are heard.

PAGE 5: Chapter 4 - Discrete elements

Q19: 19. What do you think is the most effective way to disclose information to consumers (e.g. written, verbal, online) to help them make more effective decisions?

I agree with Option 2

Q20: 20. Would a common disclosure document for all advisers work in practice?

Yes. See above

Q21: 21. How could remuneration details be disclosed in a way that would be meaningful to consumers yet relatively simple for advisers to produce?

See above. However in my experience most clients are not concerned or even curious as to how I am remunerated. They understand that we have to get paid somewhere along the line. This obsession with commission would appear to be driven by those not in the industry! .

Q22: 22. Is there any evidence that the existence of multiple schemes is leading to poor outcomes for consumers?

None at all.

Q23: 23. Assuming that the multiple scheme model is retained, should there be greater consistency between dispute resolution scheme rules and processes? If so, what particular elements should be consistent?

Yes one model would suit.

Q24: 24. Should professional indemnity insurance apply to all financial service providers?

Yes.

Q25: 25. What is the best way to get information to consumers? Who is best placed to provide this information (e.g. Government, industry, consumer groups)?

The Government and our industry bodies should constantly promote financial literacy. Our professional bodies do not have the funds required to do this.

Q26: 26. What terminology do you think would be more meaningful to consumers?

Plain English as outlined in Option 2..

PAGE 6: Chapter 4 - Discrete elements

Q27: 27. Do you have any comments on the proposal to retain the current definitions of 'financial adviser' and 'financial adviser service'?

No

Q28: 28. Are those currently exempt from the regime posing undue risk to consumers through the provision of financial advice in the normal course of their business? If possible, please provide evidence.

Yes everyone should have to meet the same standards. What do Lawyers and Accountants know about insurance or investments? In my experience they are as ignorant or well informed as the general public, which in fact they are a part of. Local Tauranga legal firms own a Mortgage Trust investment business and direct their clients there. Is any impartial advice given? Disclosurers? Commissions?

Q29: 29. How can the FA Act better facilitate the provision of international financial advice to New Zealanders, without compromising consumer protection? Are there other changes that may be needed to aid this, beyond the technological options outlined in Chapter 4.2?

Unsure.

Q30: 30. How can we better facilitate the export of New Zealand financial advice?

'Buyer beware'. All of the advice required is available in NZ.

Q31: 31. Do you have any comments on the proposal to retain the current approach to regulating broking and custodial services?

No

PAGE 7: Chapter 5 - Potential packages of options

Q32: 32. What are the costs and benefits of the packages of options described in this chapter?

As an AFA I am already meeting most of these requirements. Licensing would add another unacceptable cost to being an adviser.

Q33: 33. How effective is each package in addressing the barriers described in Chapter 3?

Option 2 would be the best option to achieve the stated goals with the exception of licensing.

Q34: 34. What changes could be made to any of the packages to improve how its elements work together?

Remove licensing from any of the options. Ensure that all of those giving financial advice are treated the same, including lawyers and accountants.

Q35: 35. Can you suggest any alternative packages of options that might work more effectively?

No

PAGE 8: Chapter 6 - Misuse of the Financial Service Providers Register

Q36: 36. Do you agree with our assessment of the pros and cons of the options to overcome misuse of the FSPR?

Yes

Q37: 37. What option or combination of options do you prefer and why? What are the costs and benefits?

Unsure

Q38: 38. What are the potential risks and unintended consequences of the options above? How could these be mitigated?

Unsure

Q39: 39. Would limiting public access to parts of the FSPR help reduce misuse?

Unsure

PAGE 9: Demographics

Q40: 1. Enter your name and/or the name of the group of people, business, or organisation you are providing this submission on behalf of.

Jim Dowsett

Q41: 2. Enter your email address or other contact details

Redacted

Q42: 3. Are you providing this submission:

-
- As an individual

Q43: 4. Please select if your submission contains confidential information:

Respondent skipped this question