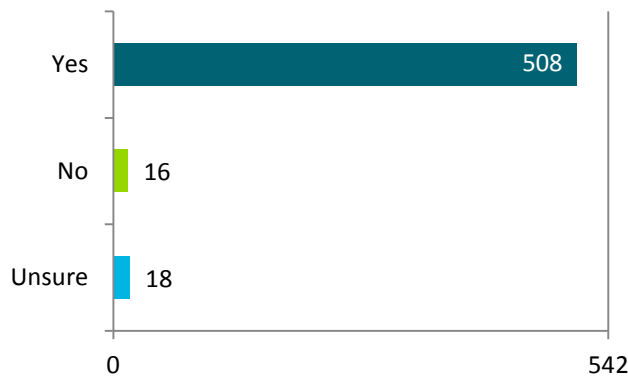


Consumer Questionnaire Summary

The consumer brochure provided a simplified version of the Options Paper with just 9 questions, recognising that many consumers are not likely to respond to a lengthy and technical discussion document. The public could answer the questions through an online questionnaire and 545 responses were received. The consumer brochure was distributed through a number of different channels including consumer organisations, financial adviser associations and through social media.

Q1. Do you think all financial advisers (including advisers in banks and mortgage and insurance brokers) should be required to put your interests first?

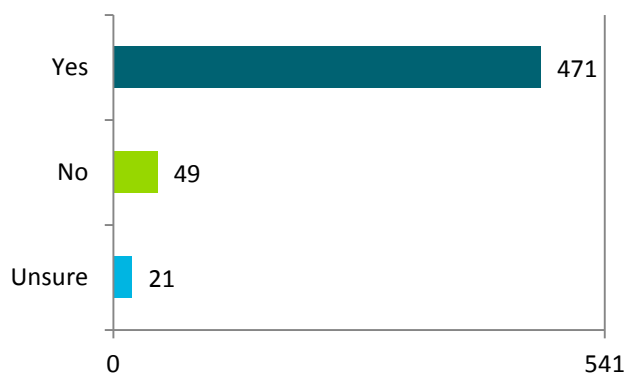


94 per cent thought that all financial advisers (including advisers in banks and mortgage and insurance brokers) should be required to put the consumer's interest first.

However, concerns were raised about the ability for advisers to manage conflicts of interest, including whether an adviser can put a consumer's interests ahead of their employer.

"On the face of it - yes of course. But I know advisers have to make a living and I also know that if they at least help me make a decision I'll probably be better off than no decision at all. I assume that it's illegal to sell me something that's a 'bad product so I'd be more inclined to think they should be required to have good knowledge and take the time to help me make the right decision - but I'm happy if they get paid for that"

Q2. Would clarifying the difference between 'sales' and 'financial advice' help you better understand what you are receiving?

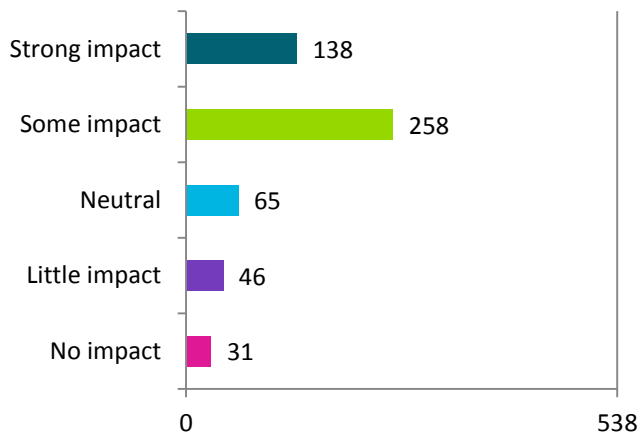


87 per cent said that clarifying the difference between 'sales' and 'financial advice' would help them better understand what they are receiving.

However, it was noted that any clarification would be difficult as the two concepts are often interlinked. Many also noted it would be helpful to understand whether an adviser is independent or limited to few product providers.

"All advice contains a certain amount of "sales" pitch -there is nothing wrong with "sales" as such as long as a customer is made aware of any limitations of the advice ie the adviser can only recommend certain providers products and that there may well be better options elsewhere that the customer may want to consider. This should be a mandatory statement that is made up front (ie very early in the advice process) and is acknowledged by the customer by way of separate sign off not a sign off that's part of a long-winded disclosure that most customers don't read anyway."

Q3. What impact would these changes have on your trust and confidence in financial advisers?



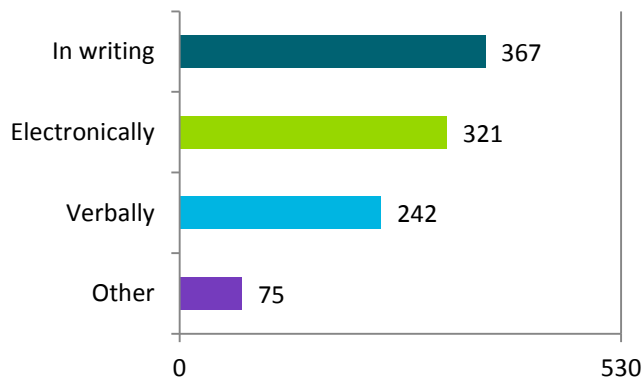
73 per cent said that these changes would have at least some impact on their trust and confidence in financial advisers.

A handful of respondents said that being aware of incentives would help provide clarity around the advice being offered and help with trust, but others were concerned that the impact of incentives will still be a problem regardless of disclosure.

Some respondents expressed the need for consumers to take some personal responsibility, and a small number stressed the importance of the monitoring and enforcement activities of the regulator.

“I don't understand why there seems to be a difference between legal advice and financial advice. Both types of advisers should put the interests of the client as paramount. The client is paying to get quality advice that is tailored to them, not paying to be the subject of a marketing campaign disguised (deliberately or by accident) as financial advice.”

Q4. What is the most useful way for advisers to disclose information about themselves and their obligations to you? Select all that apply.

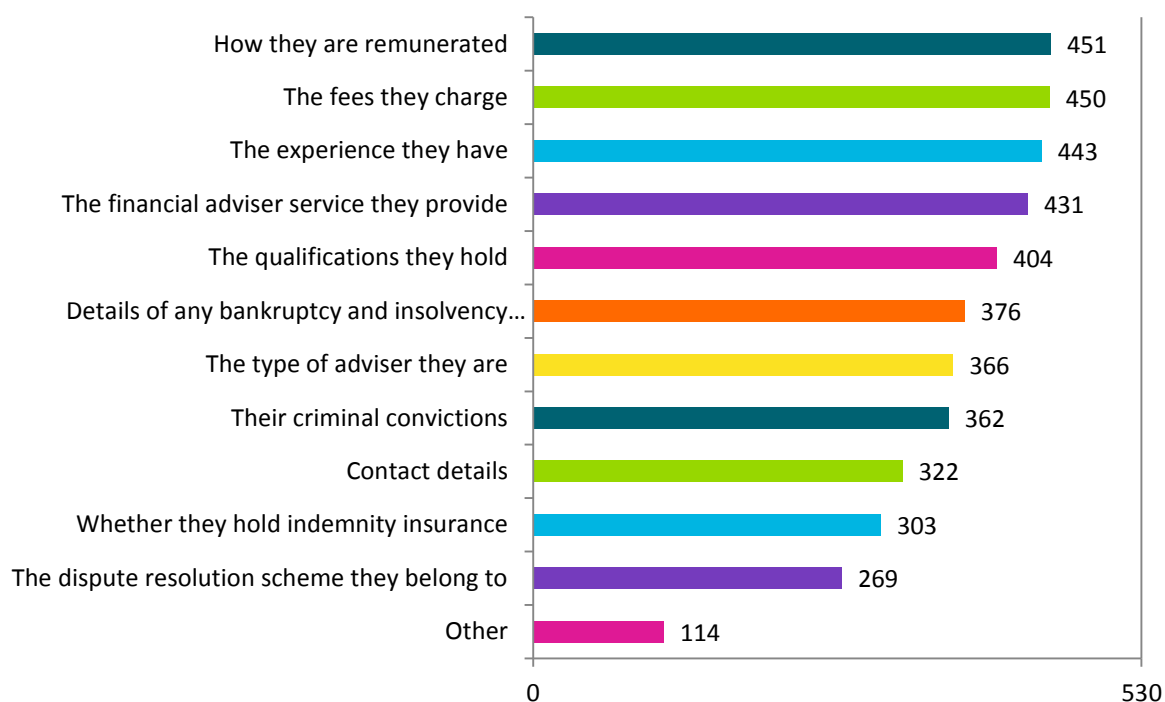


While verbal disclosure was the least popular method of disclosure chosen, a number of respondents felt that the ability to talk through the disclosure document helps consumer understanding.

Other respondents noted that any verbal disclosure should always be backed up by written or electronic disclosure that can be referred to at a later date.

“I would like this information in all ways. The advisor should personally tell us the information and then hand it to us in writing. In fairness, to protect them, we should acknowledge in some way that we have been told.”

Q5. What information about a financial adviser is most useful to you? Select all that apply.

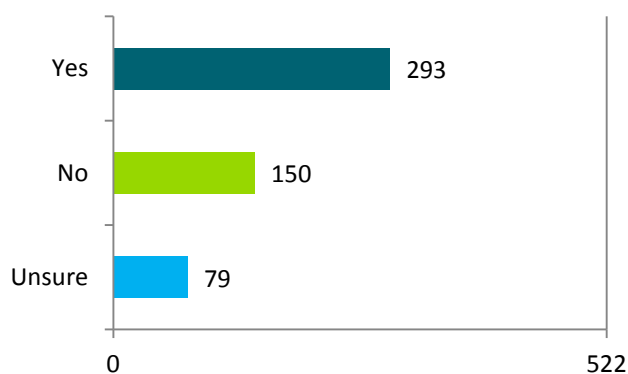


Respondents were most concerned about how advisers are remunerated, their level of competency and experience, the services they can provide as well as details relating to their conduct.

Q6. What other information from an adviser would help you make financial decisions?

Generally, respondents wanted to receive more information to help them assess the competency of the adviser or the organisation the adviser is employed by. This included details of any conflicts of interest and how they are managed.

Q7. Would you be comfortable receiving financial advice online? Why or why not?



Just over half of respondents would be comfortable receiving financial advice online. 28 per cent said they would not be comfortable, expressing concerns about the difficulty in assessing the quality or factors such as the trustworthiness of the advice platform.

Some also favoured face-to-face advice as they saw it as easier to understand and they are able to ask questions through the advice process.

Other respondents would only use online financial advice for basic or general information. A number of respondents commented that they would only use online financial advice when the source was trusted and reputable.

“The advice and process is more important than the medium. Face to face is important in some situations.”

Q8. What kinds of guarantees or safeguards would you require before receiving financial advice online?

The most common concern was around the security of the platform, and many respondents said they would require a guarantee of confidentiality of the information they provide before they received advice online.

A number of respondents also said that online advice should be subject to the same guarantees and safeguards as those providing advice face to face. Other respondents said they would need a guarantee that the advice is from a reputable source, with many adding that the provider needs to be subject to FMA approval and monitoring.

Full disclosure was raised as a necessary safeguard. Disclosure of whether the online advice is incentivised or independent was highlighted as an important feature of this. A common suggestion was that the complaint history and testimonials for the advice platform should be made available.

Q9. Do you have any other comments or suggestions on how financial advisers and financial service providers could be better regulated in future?

Generally, respondents suggested that improvements should be made to the monitoring and enforcement actions of the regulator to ensure strict and appropriate prosecution when necessary. A handful of respondents also commented that all advisers should be subject to some formal qualifications, relevant to the area in which they operate.