New Zealand Shareholders Association Inc.

NZSA

*Many Investors, One Voice*

**22 July 2015**

# New Zealand Shareholders Association Submission on the Review of the Financial Advisers Act 2008 and the Financial Service Providers (Registration and Dispute Resolution) Act 2008

## Relationship of Submitter

The New Zealand Shareholders Association (NZSA) is the only independent national group that represents the interests of retail investors in the equity markets.

One of our major concerns is the need to engender confidence in the regulation and operation of the New Zealand capital markets. We therefore, take a close interest in the "public good" aspect of legislative changes or amendments of existing legislation as part of our core function. The availability of quality investment advice is a key component in the mix.

This submission is written to present the perspective of the prudent, but non expert retail investor. To a degree, our opinions will be slanted towards the listed equity and debt market areas. While these are a narrow part of the range of services covered by the FAA, they do frequently involve larger sums of money and are more complex than many transactions as decisions rely on assessments of risk and transactions frequently involve a number of financial service providers. This means the need for high quality advice is arguably more critical. However, financial advice needs to be available across a broad spectrum of investors from those with small amounts to others with millions. Any regime must be flexible enough to cover this wide range and should not restrict access only to those who can afford large fees.

Our comments are set out in the same sequence as the online submission document. Where we have said "no comment" under a question this means we are either not qualified to answer or it is not relevant to our objectives.

**1. Do you agree that financial adviser regulation should seek to achieve the identified goals? If not, why not?**

The identified goals are laudable. The problem is that at present, for a number of reasons the performance falls well short of the goals.

**2. What goals do you consider should be more or less important in deciding how to regulate financial advisers?**

The primary requirement is to ensure that a wide range of consumers and investors have access to advice. This in itself implies that information to find advisors (and promotes them) should be readily available. The competence and conduct of advisors is in our view of equal value to availability.

**3. Does this definition adequately capture what financial advice is? If not, what changes should be considered?**

The definition is brief and simple to understand.

**4. Is the distinction in the Financial Advisers Act (FA Act) between wholesale and retail clients appropriate and effective? If not, what changes should be considered?**

These categories closely align with the FMCA and to that extent are satisfactory. In our view, the dollar limits in both the FAA and FMCA Acts are too low given the inflation in property values over the last 5 years

**5. Is the distinction in the Act between a personalised financial service and a class service appropriate and effective? If not, what changes should be considered?**

The concept is appropriate. However MBIE's own research shows confusion among retail investors, particularly those who have not been exposed to advisors. It may be appropriate to consider re-naming the types of advice. For example, they could be a) Client specific advice and b) General financial advice.

**6. Is it appropriate to have different requirements on advisers depending on the risk and complexity of the products they advise upon?**

Yes for a number of reasons, for example, someone with minimal qualifications is not appropriate to advise on complex or sophisticated investments.

**7. Does the current categorisation system accurately reflect the level of complexity and risk associated with financial products? If not, how could it be improved?**

In our view, most if not all insurance products could be classified as Category 1. Many insurance products are very complex with myriad exclusions and other requirements buried in the detail. The number of complaints to the insurance ombudsman and insurance companies indicate that the advice is often less than optimal. Including them in Category 1 would lead to improved advice although we acknowledge this could also result in an increased cost.

**8. Do you think that the term Registered Financial Adviser (RFA) gives consumers an accurate understanding of what these advisers are permitted to provide advice on and the requirements that apply to them? If not, should an alternative term be considered?**
In our view, the term implies a level of knowledge, qualifications and skill that simply does not exist for many RFA's. They can only advise on category 2 (simple) products and there is no requirement for specific education. Simply being registered does not result in any ability to give advice and may in fact give the impression that they have been given the "seal of approval". They just can't operate unless registered. In our view these people could simply be called "product advisers".

**9. Are the general conduct requirements applying to all financial advisers, including RFAs, appropriate and adequate? If not, what changes should be considered?**
Yes. If RFA's were to be re-categorised as "product advisers" or financial adviser or similar corresponding changes would need to be made to the legislation.

**10. Do you think that disclosing this information is adequate for consumers? Should RFAs be required to disclose any additional information?**
Where remuneration is partly or wholly by way of commission or sales volume related bonus, this should be disclosed in general terms. This would satisfy the "transparency" purpose under the legislation.

**11. Are there any particular issues with the regulation of RFA entities that we should consider?**
There should be a requirement to demonstrate a level of training and competence in relation to the products being advised on? This could be as simple as requiring all such advisers to have an internally generated certificate that acknowledges they have demonstrated skill and professionalism. This could be subject to random auditing or specifically audited by FMA where problems have arisen. This would be similar to current processes followed in a number of industries where particular skills are recognised, but not formally and independently certificated.

**12. Are the costs of maintaining an adviser business statement justified by its benefits? If not, what changes should be considered?**
AFA's are the most senior level of advisor and need to be able to demonstrate superior knowledge and skill. In our view a simple plain English business statement is appropriate. We suggest that this could be in a prescribed form to avoid the complexity introduced by legal advisors trying to cover every eventuality. This should be a simple one page document. long and complex documents will not be read properly and lose their value.

**13. Is the distinction between an investment planning service and financial advice well understood by advisers and their clients? Are any changes needed to the way that an investment planning service is regulated?**
We doubt the distinction is well understood. Further, we query the need for it given that only AFA's can provide an IPS service. To provide personalised advice, it is virtually a necessity to do some sort of assessment and plan for the individual.

**14. To what extent do advisers need to exercise some degree of discretion in relation to their clients' investments as part of their normal role?**
No comment.

**15. Should any changes be considered to reduce the costs on advisers who exercise some discretion, but are not offering a funds management type service?**
No comment.

**16. Are the current disclosure requirements for Authorised Financial Advisers (AFAs) adequate and useful for consumers?**
They are necessary given the greater level of trust and reliance in a personalised advice situation. We think the primary document could be a one page prescribed format and in plain English. The secondary document is important as this is effectively the "contract for service". It may be worth investigating whether a standardised form with a series of tick boxes and places to fill in specific values may be adequate in much similar way as the model disclosure forms under the consumer credit finance legislation.. This would be specific to each business rather than a generic industry wide document.

**17. Should any changes be considered to improve the relevance of these documents to consumers and to reduce the costs of producing them?**
See Q 16 above.

**18. Do you think that the process for the development and approval of the Code of Professional Conduct works well?**
The process appears robust. The Code itself is clearly set out.

**19. Should any changes to the role or composition of the Code Committee be considered?**
There should be two people who should be involved on the Code Committee. One at a general consumer level as at present (which is appropriate for category 2 products) and one from the investor community with greater knowledge of Category 1 products.

**20. Is the Financial Advisers Disciplinary Committee an effective mechanism to discipline misconduct against AFAs?**
There have not been many cases to date. We note the low financial penalties available (max. $10,000).The maximum imposes so far is $4,000. We note also that the power of censure or in some cases the voluntary removal from the AFA register is a significant penalty. Countering this is the decision by the Committee to suppress the name of one transgressor without giving reasons why disclosure of the AFA's identity was not a benefit to the public, which was out of step with FMA's reasoning. We think more time is required and much higher financial penalties.

**21. Should the jurisdiction of this Committee be expanded?**
The Disciplinary Committee mandate is too narrow. Anyone claiming to be an "advisor' needs to be accountable and therefore come under the Disciplinary Committee's jurisdiction. This particularly applies to QFE's who are required to have significant systems in place to support the status of their QFE advisors (who can give some limited personalised advice).

**22. Does the limited public transparency around the obligations of Qualifying Financial Entities (QFEs) undermine public confidence and understanding of this part of the regulatory regime?**

In our view the public does not understand that the QFE is the responsible entity so the QFE must ensure its advisers comply. However, since the linkage is not usually recognised, it really has no effect on public confidence as such. This could change if there was a major problem with a large QFE that resulted in significant losses because of the advice provided by one or more of its advisers.

**23. Should any changes be considered to promote transparency of QFE obligations?**

Should be brought into the Disciplinary Committee's jurisdiction - see above.

**24. Are the current disclosure requirements for QFE advisers adequate and useful for consumers?**

The disclosures are adequate.

**25. Should any changes be considered to improve the relevance of these documents to consumers or to reduce the costs of producing them?**

It seems to be a fairly generic disclosure statement. Meaningful disclosure to consumers can outweigh any additional costs there may be to produce them.

**26. How well understood are the broker requirements in the FA Act? How could understanding be improved?**

Most investors make the assumption that monies are held in trust funds and are aware that there are “guarantees” in regard to settlement processes. Such information is freely available is the question is asked.

**27. Are these requirements necessary and/or adequate to protect client assets? If not, why not?**

Trust accounts are essential to minimise any possibility of fraud, not necessarily by the broking firm, but potentially by an individual. Mixing client investment funds and business operational accounts is never wise. For share brokers, NZX participant rules place considerable restrictions on brokers and there is an effective disciplinary process with significant penalties. the problem arises with other types of brokers including insurance, forex and the like. We have insufficient knowledge of this area to comment any further.

**28. Should consideration be given to introducing disclosure requirements for brokers? If so, what would need to be disclosed and why?**

Probably unnecessary at an individual level for stock brokers. In many cases the client facing brokers may hold AFA status which imposes disclosure requirements anyway. We note there have been several issues with forex and futures companies but have insufficient knowledge of this area to comment.

**29. What would be the costs and benefits of applying the broker requirements in the FA Act to insurance intermediaries?**

We are surprised they are not already covered. There is no issue with individuals employed directly by insurance firms as payments are made direct. For independent brokers, the requirement for trust funds should be compulsory.

**30. Are the requirements on custodians effective in reducing the risk of client losses due to misappropriation or mismanagement?**
Absolutely. David Ross's clients wished his "investments" were held in a custodial service.

**31. Should any changes to these requirements be considered?**
Reporting appears adequate. However, we do have concerns where divisions within the same company provide custodial services for other divisions of that company. We think this is poor governance and that custody should reside in an entirely separate independent entity.

**32. Is the scope of the FA Act exemptions appropriate? What changes should be considered and why?**
With regard to accountants, it appears to us that they could register as AFA's as of right. Their qualification is a superior alternate to the level 5 minimum. That would involve them being required to produce disclosure statements and so on. It is hard to see why they should be exempt these provisions if they are doing essentially the same work as an AFA.
Lawyers are a different matter. Lawyers may counsel clients' incidental to their legal advice on a range of transactions, some of which may fall in the ambit of the FAA. Perhaps the test should be where financial advice is the predominant activity, they must attain AFA status. Where it is incidental, this is not required.

**33. Does the FA Act provide the Financial Markets Authority (FMA) with appropriate enforcement powers? If not, what changes should be considered?**
They have plenty of powers.

**34. How accessible and useful is the guidance issued by the FMA? Are there any improvements you would like to see?**
The guidance is very good and the process by which this is developed is also first class. There will be other areas where additional guidance documents need to be developed, but this will always be ongoing. Perhaps FMA itself has to further lift its profile as the "go to" place for information. A recent survey (representative of the NZ population) indicated only 39% of people had ever heard of the FMA.

**35. What changes should be considered to make the current regulatory regime simpler and easier for consumers to understand? For example, removing or clarifying the distinction between AFAs and RFAs.**
The multiple similar names (all with advisor in them) is not only confusing, but creates a false sense of what skills some "advisors" (and many are little more than commission sales people) actually have. This is a PRIMARY weakness of the current regime. The solution depends to some extent on whether insurance is made Category 1.

**36. To what extent do consumers understand that some financial advisers' primary roles may be selling financial products, rather than solely acting as an unbiased adviser to their clients?**
As the MBIE focus groups demonstrated, most people understand basic insurance is largely a sales process and expect to "shop around" for a good deal. For complex insurance requirements and business insurance, the use of brokers becomes more important. It is also widely understood that insurance advisors are generally paid by commission. This is probably less well understood in a banking environment where people may think the bank gets the commission without realising staff get bonuses based on sales volumes.

In most other areas, consumers would have no idea that their "advisor" may only be able to offer a very limited range of investments or products unless they are an AFA. It is important that consumers understand this.

**37. Should there be a clearer distinction between sales, information provision, and advice? How should such a distinction be drawn? What should or should not be included in the definition of financial advice?**

See Q 36 above. We think that clarification of the AFA/RFA/QFE/QFA terminology to a more descriptive and understandable format would go a long way. Do we even need this many types? Where someone can only sell one particular financial product, do they qualify to be an advisor of any sort? We don't have the full solution, but the reality seems to be that if the service is predominately sales of category 2 products (excluding insurance?), it should probably fall outside the advice category which implies a degree of skill that simply is not present. We think the Australian proposal could be introduced, perhaps along the lines of "financial product sales information" Not sure that being an "informer" is a good look!.

**38. Do you think that current AFA disclosure requirements are effective in overcoming problems associated with commissions and other conflicts of interest?**

We note the MBIE focus group finding that few people read the information and most rely on a personal "trust" assessment of the AFA. However, unless commission payments are prohibited it is hard to envisage any other process to inform customers.

**39. How do you think that AFA information disclosure requirements could be improved to better assist consumer decision making?**

Shorter, generally standardised primary form. See answer to Q 16 above in regard to secondary disclosure form.

**40. Do you support commission and conflict of interest disclosure requirements being applied to all financial advisers? If so, what requirements are appropriate for different adviser types?**

Yes definitely. Specific disclosures for personalised advice and generic statements for class advice. RFA's should have to provide a generic statement unless it is decided to re-title them with a description that better reflects the sales nature of their activities.

**41. Do you think that commissions should be restricted or banned in relation to financial advice, and if so, in what way? What would be the costs and benefits of such an approach?**

Currently this would be very difficult to introduce as the NZ psyche seems to rebel against upfront fees. Our own survey of members (most of whom are regular investors) indicates that only 36% of AFA's they use are remunerated by fees. 64% are paid by commission or fees relating to purchase costs. Interestingly, more than half said that information from their advisor was formed only part of the decision process. Obviously these figures relate to equities (and possibly listed debt).

Philosophically, NZSA supports a non-conflicted fee based advice regime, but we think that it is still some way off, probably until AFA's are perceived a "real" profession.

**42. Has the right balance been struck between ensuring advisers meet minimum quality standards and ensuring there is competition from a wide range of providers (and potential providers)?**

The regulated educational standards are minimal. For most there is no recognised qualification required. The theoretical ethical standards are adequate, but so far there have

been few examples of poor behaviour identified. We note FMA is intending to prioritise this area. In terms of process, we think the paperwork is too complex. So, short answer is no, the balance is still too much towards box ticking and not enough to up skilling and creating a trusted profession.

**43. What changes could be made to increase the levels of competition between advisers?**
With regard to AFA's, reduce some of the compliance costs and the daunting amount of paperwork that people are faced with.. Currently it seems that the problem is not so much competition as a relatively small pool of investor clients. Lower costs would enable people with smaller amounts to invest to get advice and increase the pool. Currently, anecdotally, the minimum is probably $50,000. This needs to come down to $25,000.

**44. Do you think that the Code of Professional Conduct for AFAs strikes the right balance between requiring them to understand their clients and ensuring that consumers can get advice on discrete issues?**
We think the share broking industry generally is taking too conservative a view on when advice can be given. For example, no analysts report available - no advice. This is a distortion of the actual rules, but it happens. We don't think the code is at fault. It's possibly really 'super conservative' legal advice. FMA is addressing some of these issues with guidance notes, but it has taken a long time.

**45. To what extent do you think that the categorisation of types of advice and advisers is distorting the types of advice and information that is provided?**
This will always be an issue unless only AFA's are allowed to provide advice. That is why a change to the titles and possibly a reduction to two categories of advisor is necessary. The MBIE paper already makes the point that if a "registered financial advisor" says a particular product is the right one (perhaps the only one he or she has for the application), people will tend to think it is the best available - very misleading, but a consequence of the process, and made worse if no disclosure is required.

**46. Are there specific compliance requirements from the FA Act regulation that have affected the cost and availability of independent financial advice?**
We agree that relatively higher costs have limited access for smaller (below $50,000) investors. We think the specific costs mentioned in paragraph 157 of the issues paper are unavoidable, although the quantum of some could arguably be reduced. We note that most professions have similar burdens. The anti-money laundering provisions seem to be very complex for advisors and customers. Any streamlining that is possible would assist. The industry is better placed to comment on specifics.

**47. How can regulatory requirements be made less onerous without reducing the quality and availability of financial advice?**
Simpler paperwork, some of which could be in a prescribed form which removes any question of suitability for purpose or non-compliance. Probably a two tiered structure could be considered for AFA's where for smaller investors the requirements around the gathering of information and working out investment plans are less onerous. Perhaps up to say $50,000 to invest. This could be a "short form" type of arrangement. In reality smaller amounts do not require so much analysis as only three or four investments will generally be possible. Above $50,000 the requirements need to be more detailed as greater complexity will be involved.

**48. What impact has the Anti Money Laundering and Countering Finance of Terrorism Act had on compliance costs for advisers? How could these costs be minimised?**
Not our area, but we suspect most customers find the constant interrogation intrusive, especially for relatively small amounts of money.

**49. What impact do you expect that KiwiSaver decumulation will have on the market for financial advice in New Zealand? Are any specific changes to regulation needed to specifically promote the availability of KiwiSaver advice?**
There will potentially be people with large amounts made from Auckland property (usually by downsizing from the family home) and KiwiSaver needing sound advice. We worry that some of these people will be counted as wholesale investors even though they are not necessarily financially sophisticated. More emphasis on education is the long term solution including the disclosures referred to earlier.

**50. What impact do you expect that the introduction of the Financial Markets Conduct Act (FMC Act) will have on the market for financial advice in New Zealand? Should any changes to the regulation of advice be considered in response to these changes?**
We think it provides a better, safer and more transparent framework, particularly around managed funds and KiwiSaver. Over time it should increase the trust in the financial markets and lead to more demand for good advice. The main objective is to make the terminology around adviser types easy for non-expert people to understand and reduce barriers to advice, especially for smaller investors or those in smaller communities. In relation to new platforms such as crowd funding, we think AFA's should be able to give advice. In most cases, if information is limited, they will point out the limitations and higher risks to investors. That must be a good thing. Also if advisors are addressing these products, it is likely that issuer disclosure will improve to ensure they are considered for investment and not simply written off as too risky or too opaque.

**51. Do you think that international financial advice is likely to increase? Is the FA Act set up appropriately to facilitate and regulate this?**
We note that the FMA has some powers to regulate this. However, you cannot control the internet and the best option is to publicise overseas advice that is either inappropriate for NZ or a front for some kind of scam.

**52. How beneficial are the current arrangements for transTasman mutual recognition of qualifications? Should further arrangements be considered?**
No comment.

**53. In what ways do you expect new technologies will change the market for financial advice?**
Internet based robo-advice is inevitable. Even medical consultations are available this way. The regulations must recognise this and provide appropriate options to ensure investors are properly informed. There is not much other than international cooperation that can be done to regulate overseas advisers. Regular warnings and advertising of the risks are the only method that will be effective in the short term. Long term, financial education will help.

**54. How can government keep pace with technological developments to ensure that quality standards for advice are maintained, without inhibiting innovation?**
No comment**.**

**55. Are the minimum ethical standards for AFAs appropriate and have they succeeded in fostering the ethical behaviour of AFAs?**
The standards are appropriate. We have no evidence one way or the other as to their effectiveness.

**56. Should the same or similar ethical standards apply to all types of financial advisers?**
It probably should but the issue is complicated in that an RFA's primary obligation may well be to their employer. The problem could be resolved if RFA's were re-categorised as say financial product sales consumers would then be alerted as to the real nature of the "advice" being given.

**57. What is an appropriate minimum qualification level for AFAs?**
We think the current standard is very low for people who may be advising on investments worth many millions. However, it is better than in the past. A tertiary qualification should be the aim in the medium term and is essential if the financial advice industry is to become a well-respected profession. It is also one way for the industry to counter the rise of robo advice.

**58. Do you think that RFAs (for example insurance or mortgage brokers) should be required to meet a minimum qualification relevant to the area of advice they specialise in? If so, what would be an appropriate minimum qualification?**
Yes definitely. At least Level 5 qualifications.

**59. How much consideration should be given to aligning adviser qualifications with those applying in other countries, particularly Australia?**
We would be comfortable with mutual recognition with Australia which has a broadly similar regulatory approach and financial markets structure.

**60. How effective have professional bodies been at fostering professionalism among advisers?**
Insufficient knowledge to comment. However, the issues paper sets out the situation well.

**61. Do you think that professional bodies should play a formal role in the regulation of financial advisers and if so, how?**
We prefer the FMA to have the overarching responsibility. A co-regulatory model with some matters given to professional bodies could also be effective.

**62. Should any changes be considered to the relative obligations of individual advisers and the businesses they represent? If so, what changes should be considered?**
For personalised advice, the individual should have the primary responsibility, including QFE advisors where appropriate. The current QFE model is appropriate for large organisations to the extent that advice is not personalised.

**63. Is the QFE system achieving its goals in terms of consumer protection and reducing compliance costs for large entities? If not, what changes should be considered?**
It is a reasonable compromise to control costs in our opinion. It is also easier for the regulator to check one organisations systems and standards rather than tens or hundreds of individuals.

**64. Do you agree that the Register should seek to achieve the identified goals? If not, why not?**
Yes

**65. What goals do you consider should be more or less important in reviewing the operation of the Register?**
The Register is useful. We think the register is primarily of use to the regulator. It particularly makes clear who has obligations under the Act. However it has a use for the public in determining who from overseas is registered to provide services in NZ. The problem is that not many people know about it or where to find it. In time they probably will- education again is the key.

**66. Do you agree that the dispute resolution regime should seek to achieve the identified goals? If not, why not?**
Yes

**67. What goals do you consider should be more or less important in reviewing the dispute resolution regime?**
All three goals are generally equally important in building public confidence. However of most importance is knowing that the financial service provider belongs to a scheme and the benefits of the scheme.

**68. Does the FMA need any other tools to encourage compliance with financial service provider (FSP) registration? If so, what tools would be appropriate?**
FMA should have the ability to issue fines up to a prescribed limit for non compliance. It already has this ability in other areas. Unless. For e.g., a financial advisor's actions are repeated and egregious, they know it is unlikely FMA would prosecute (a hammer to crack a nut). Fines are a quick and cost effective way to ensure compliance. There would need to be an ability to appeal to the Courts.

**69. What changes, if any, to the minimum registration requirements should be considered?**
No view, but presume there would at least be similar requirements to those relating to company registrations under the Companies Act.

**70. Does the requirement to belong to a dispute resolution scheme apply to the right types of financial service providers?**
Yes. Essential that any services to the public are covered.

**71. Is the current framework for the approval of dispute resolution schemes appropriate? What changes, if any, should be considered?**
It appears to be adequate. However, there is an argument that four services is too many. In fact there are more indirectly because some aspects of equities and debt trading are covered by the NZX Disciplinary Tribunal and arguably the takeovers Panel. While several services may be considered to introduce competition and control fees, they may in fact lack sufficient scale to be efficient and costs may be higher. We have not seen any evidence one way or the other on this.

**72. Is the current framework for monitoring dispute resolution schemes adequate? What changes, if any, should be considered?**
The current self monitoring process is very dependent on the information supplied by those being monitored. We would prefer an independent assessment similar to the oversight FMA applies to NZX. This could be once every two years to minimise the cost.

**73. Is the existence of multiple schemes and the incentive to retain and attract members sufficient to ensure that the schemes remain efficient and membership fees are controlled?**
See answer to Q 71.

**74. Should the $200,000 jurisdictional limit on the size of claims that dispute resolution schemes can hear be raised in respect of other types of financial services, and if so, what would be an appropriate limit?**
The current limit is too low, particularly for property or business interruption insurance. There is a case to be made that this should be higher. We suggest it is doubled to $400,000 and reviewed by regulation from time to time.

**75. Should additional requirements to ensure that financial service providers are able to pay compensation to consumers be considered in New Zealand?**
We agree that professional indemnity insurance, at least to the maximum of the compensation liability should be compulsory. However there probably should be an exemption for financial service providers that are subject to capital adequacy rules.

**76. What features or information would make the Register more useful for consumers?**
AFA's could include their education and investment specialties. QFE advisors should have a generic note explaining the limitations to the advice they can offer.

**77. Would it be appropriate for the Register to include information on a financial adviser's qualifications or their disciplinary record?**
For those giving personalised advice and QFE's we favour this. Not necessary for others as the employer largely carries the consequences. RFA's should be re categorised as detailed earlier and do not need to be included.

**78. Do you consider misuse of the Register by offshore financial service providers is a significant risk to New Zealand's reputation as a well regulated jurisdiction and/or to New Zealand businesses?**
We think this is a significant risk and we note that FMA has recently been active in this area. Deregistration is effective, but remains an ambulance at the bottom of the cliff approach.
We are not sure of the unintended consequences, but perhaps the rules need to be modified so that only those actively carrying on business in New Zealand are able to register.

**79. Are there any changes to the scope of the registration requirements or the powers of regulators that should be considered in response to this issue?**
See answer to Q 78

**80. What are the effects of (positive and negative) competition between dispute resolution schemes on effective dispute resolution?**

See answer to Q 71. We also agree that multiple systems are confusing to consumers. The only disputes schemes widely known (presumably because they have been around longer) appear to be the Banking Ombudsman and the Insurance and Savings Ombudsman (soon to be renamed (more appropriately) the Insurance and Financial Services Ombudsman Scheme). Private schemes are arguably less trusted by the public.

**82. Are the current regulatory settings adequate in raising awareness of available dispute resolution options? How could awareness be improved?**

Since everyone has to disclose their dispute resolution scheme on the Register and in some cases at law on the relevant document (e.g. if the service involves a consumer credit contract, the dispute resolution and other information about the scheme must be disclosed before the contract was entered into), awareness at an individual level is probably adequate. In saying that and as mentioned earlier not many know about the Register and where to find it. However, broader education that such services are not only available but compulsory would raise awareness and potentially improve public confidence.

## Submission prepared by:

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