

Media Release

26 August 2004

Regulation needed to help build trust

Retirement Commissioner Diana Crossan says the Government's taskforce on the regulation of financial intermediaries should aim for proposals that will help build trust between consumers of financial services and financial intermediaries.

Commerce Minister Margaret Wilson announced this morning that a Task Force on the Regulation of Financial Intermediaries will work out options for the occupational regulation of the sector, which includes share brokers, mortgage brokers, insurance brokers and financial advisers.

Ms Crossan says she has been concerned that some people are not seeking professional help in their financial planning because they are anxious about using financial intermediaries.

"To get the best results, most people need expert help with their financial planning, but some are unsure about trusting a financial intermediary.

"This taskforce is the best opportunity we have had to make changes that will give the public more confidence in seeking out help with their finances.

"The more people that use a financial intermediary who gives good quality advice, the more likely it is that people will be better prepared for retirement."

Many people in the financial services industry have been pressing for a way of monitoring, measuring and disciplining those working in it. "It's pleasing to see the industry seeking appropriate regulation. Appropriate regulation should also help build a strong, consumer focused industry".

She said the form of regulation was far from being decided, and that benefits would need to outweigh the costs.

"But we do need consumer protection because the industry deals with the savings of ordinary New Zealanders who cannot afford to make mistakes with their finances," she said.

/Ends

For further information contact:

Robyn Cormack

Marketing and Communications Manager, Retirement Commission

Tel: 04 494 6243, Mobile: 025 242 7936

Email: robyn.cormack@retirement.org.nz