

Media Statement

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Retirement Commissioner Calls for Action from Financial Services Sector to Win Public's Trust

Retirement Commissioner Diana Crossan told financial planners at a forum today that they need to make changes to develop trust amongst the public and to fully contribute to an effective retirement income framework in New Zealand.

Ms Crossan was speaking at the Financial Planners and Insurance Advisers Association financial and legal forum in Wellington.

Ms Crossan said the financial services sector had a lot to contribute but was currently missing opportunities to win the public's trust.

She told attendees that financial planners have a significant role to achieve a more effective retirement income framework. She said that both the Government and the Retirement Commission were playing their parts, but in contrast, financial planners need to do a lot more.

"There are three vital elements for an effective framework - stable Government policy, a trusted financial services sector and an educated population. We have the first element and the Retirement Commission has a major focus on education, but we definitely don't have enough trusted financial planners in this country at present."

Ms Crossan said New Zealanders wanted a number of things from the financial services sector that they currently were not receiving across the board:

- High quality advice and products
- Transparency of fees and remuneration
- Set fees rather than commission (fee for advice, fee for sale)
- Ongoing training and relevant qualifications
- Clear, accessible independent complaints process

"People often tell me they don't know who to trust. For 20 years the financial services sector has been saying it would develop self-regulation but that hasn't happened. For the past 10 years it has talked about developing a single body to oversee the industry and handle complaints but this hasn't happened. There are several organisations for financial planners but about 50% of financial planners don't belong to them."

"In addition, when Industry Training Organisations were established, the financial services sector did not set one up, unlike other sectors."

“Those New Zealanders who want more than the basic New Zealand Superannuation have to do their own financial preparation for retirement. The Retirement Commission is helping New Zealanders plan for their retirement through our Sorted programme. However we need the back up of dependable financial planners and products. Without that, the retirement income framework remains shaky.”

Ms Crossan said while she welcomed the Government’s taskforce on the regulation of financial intermediaries, its scope was still limited because it did not encompass financial products.

“It’s definitely a step in the right direction but the financial services sector still needs to be proactive and take its own action to gain the public’s trust.”

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For further information contact:
Diana Crossan
Retirement Commissioner
Mob: 021 229 4839