
From: Shai Patel **S 9 (2) (a)**
Sent: 27 April 2018 17:59
To: code secretariat
Subject: Re: Submissions

Hi,

May I say the webinar was really informative and helped clear up questions re: consultation paper.

The first part unfortunately I could not hear anything and so did miss this.

I have been a financial adviser for 9 years and am an AFA, since the beginning and have kept up to date with regulation as it has developed over the years. Last year had an FMA monitoring visit – which was great as it reaffirmed that I was doing a great job. I mainly advice on insurances and KiwiSaver.

Being an AFA has been a good thing as I feel that I have improved my processes. It will be a good thing to have an industry that has everyone on the same level and doing what we have been doing since the last changes in the industry.

Good Advice Outcome:

One of things Angus wanted ideas on was on

Adviser – Reasonable steps to ensure – that a client has sufficient information to be able to make an informed decision

Informed could mean – disclosure, conflicts of interest, Pros and more importantly Cons of what the advice has been given

Disclosure should be made easier to understand – do they need to be templated? For uniformity “yes” but each business is different so possibly ‘no’ – I don’t think they do as long as the same basic criteria (e.g. adviser details, privacy, remuneration, conflicts, dispute resolution, product info etc) – not too long that consumer get confused. – maybe more of a terms of engagement which shows all the above.

Maybe on disclosure – Many advisers have contracts/agreements with different providers, but may only actually deal 1-3 regularly, so maybe this should be stated, so consumer knows this upfront, rather than stating that you use all the companies.

Ethical Behavior

This is the cornerstone of our industry – You have to act with Honesty, Integrity & Fairness then – this is all achieved by keeping the clients interest first!

As an individual owner of a business, my ethics involve the above and I cannot rely on having a bad name – I am sure larger firms would feel the same – the only difference is that they would need to implement a process for their staff to follow.

Again having too much compliance around this and making it costly will impact for smaller businesses that do not have the funds or support to be able to have audits on this like AML.

Costs/Process

There are many good advisers like myself who would still like to keep doing the work we do and not have to be part of a license entity. One of the biggest concerns we have is that license cost would be so high that we have to join an licensed organization and have to follow their processes and procedures when we already have good systems in place now.

The cost of being an AFA for a small business like mine is a major part of my business cost, if the cost is going to increase, I would probably have to consider another option – unfortunately our industry has many people in the same boat as me and to lose some of these individuals would be concerning as New Zealanders do not get enough good financial advice.

In our industry we can sit with 10 different advisers and get 10 different solutions – therefore process needs to be personalized, but good documentation is key for all parties involved.

Conduct & Client Care

AFA code is working as I feel that my process and procedures have improved since the code has come into place. – The AFA code needs to be updated to reflect new code changes.

Competency Knowledge & Skill

Most professional organisations have some type of qualifications for entry – our industry is one of the few where we do not have to have qualifications and we can really have an impact on someone's life.

I think level 5 should be a minimum qualification as you have suggested as anything lower would mean supervision – if we go higher many people will not struggle and possibly not continue in the industry.

I also agree more complex advice needs to have higher qualifications. E.g. degree

Like the idea of having to sit the code standard (Old Set B) every 3 years – the code has changed so much in the time I have been AFA – doing the Strategi closing the gaps course and exam – really made me understand it better.

Maybe someone who wishes to join the industry and is not academically minded could start on a lower level qualification, but be supervised to attain qualification whilst on the job – I just had car serviced and speaking to the apprentice, he loves this new role as it is practical and he still has to attain his apprenticeship qualification rather than having to do a degree or study further.

I know we have many advisers in the industry that have a huge amount of experience – but if you do not have a base standard of qualification – then it defeats the object of having a more professional industry. – I have spoken to a number of clients and few have commented that they have met advisers recently that have tried to push sales rather than give them quality advice – if you have to get a qualification to get into the industry, then this may help reduce sales people rather than advisers. (an element of sales is required, but to get the best outcome for a client, I believe that good advice will automatically get a plan in place)

There are many experienced advisers in the market, who are good at what they do, but sometimes you can get into a habit of doing the same thing regardless of change, so having a level 5 base qualification for everyone no matter how experienced you are is a good thing for professionalism.

I hope this helps and happy to discuss further if needed.

Thank you.

Regards

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