

Ease of doing business

Understanding Key Stakeholders

August 2022

Contents

- 03 Executive Summary
- 05 Background & Objectives
- 07 Communication with the FMA
- 12 Market communications
- 22 Dealings with the FMA
- 35 Perceptions of the FMA
- 43 Confidence in financial markets
- 47 Appendix



Executive Summary



Executive summary



Communication with the FMA

Two-thirds of stakeholders say they deal with the FMA at least once every 6 months, slightly lower than in 2021. Email remains the most common channel used to communicate with the FMA, although use of emails has significantly decreased in favour of other methods such as video calls. Email and face to face are the most preferred ways to communicate, while the FMA website is the most common source used to find important information about the FMA’s work.

Among FMA’s market communications, the email newsletter has the highest readership, followed by legal guidance, media releases and thematic reports. Almost 9 in 10 stakeholders agreed that market communications helped them to understand their obligations as a market participant, a recovery from the decline seen in 2021.



Dealings with the FMA

Although there are no significant differences, this year’s results indicate there has been a slight decline in stakeholder sentiment towards the FMA, with just under half (49%) rating their dealings with the FMA as very good or excellent, down from 57% in 2021. Ratings of the quality of FMA’s engagement with stakeholders have also declined slightly (46%, down from 54%), as have ratings of the quality of service received in their most recent interaction with the FMA (57%, down from 67%).

Between 6 in 10 and 9 in 10 agreed that their interactions with the FMA improved their understanding, provided benchmarks, or improved what they do, with no significant differences in scores compared to 2021.

Three-quarters (76%) of stakeholders said they feel fairly or very comfortable raising issues with the FMA.



Perceptions of the FMA

As in prior years, stakeholder perceptions of the FMA are largely positive, with around 9 in 10 agreeing or strongly agreeing that the FMA supports market integrity and helps to raise the standards of market conduct.

One area where perceptions have significantly declined is ease of doing business, with 62% agreeing or strongly agreeing that it is easy to do business with the FMA, compared to 74% in 2021. Agreement that the regulatory burden is proportionate to the value their organisation receives has also declined, although not significantly so.

Stakeholders’ confidence in New Zealand’s financial markets and regulation remains very high and consistent with prior years, with almost all saying they are slightly, fairly or very confident (97-98%).



SECTION 2

Background & Objectives

Introduction

The FMA commissioned FiftyFive5 to conduct research among key stakeholders to understand the effectiveness of their interactions with the FMA and satisfaction with the services provided.

This is the seventh year this stakeholder research has been conducted.

Methodology

FMA stakeholders were invited to provide feedback through a 10-minute online survey.

The survey was open from Monday 4th July to Thursday 21st July 2022. A total of 162 stakeholders completed the survey.

Throughout the reporting significant differences to previous years' results are indicated with arrows.

▲▼ *Denotes results significantly different to previous year*

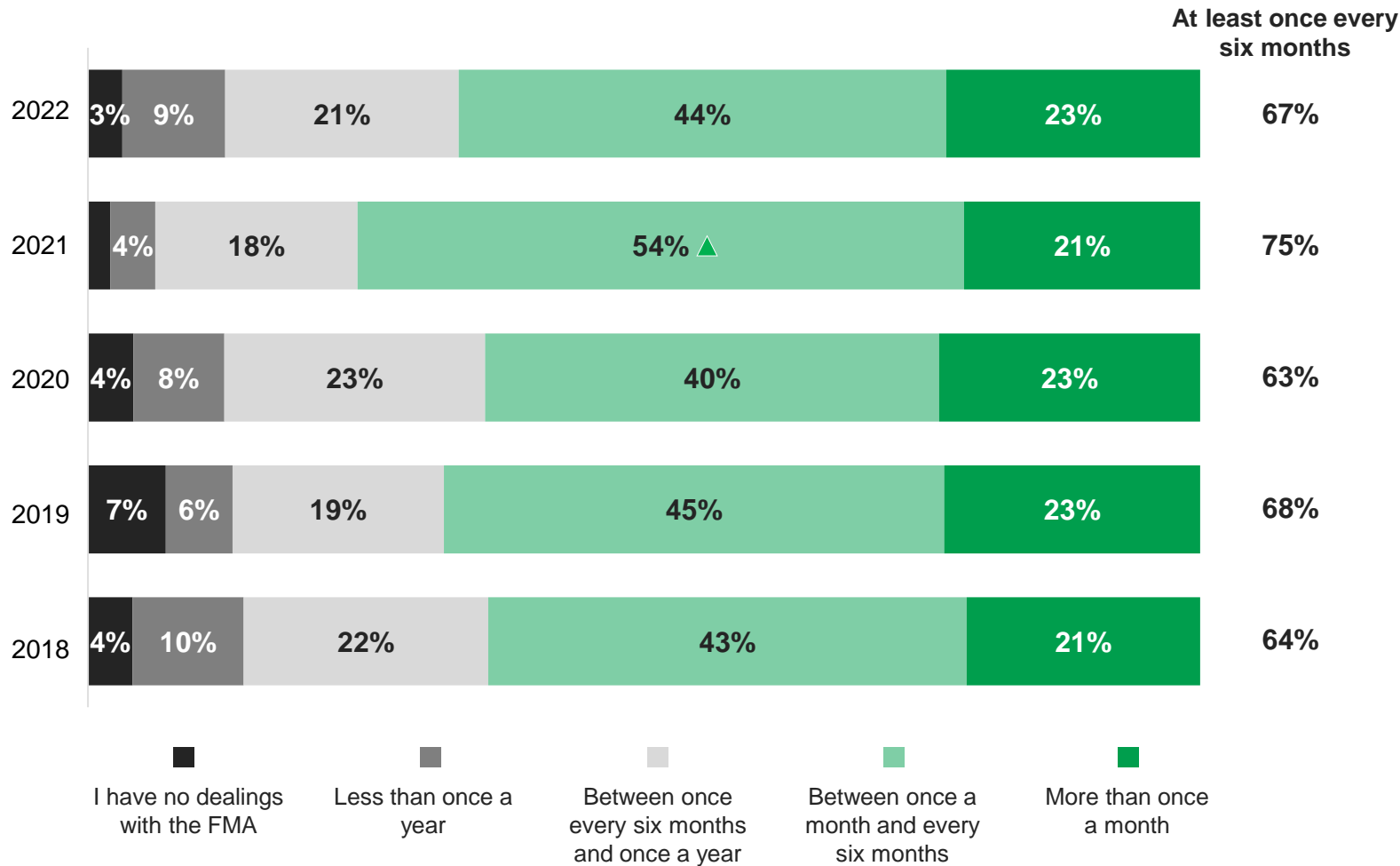




SECTION 3

Communication with the FMA

Frequency of stakeholder contact

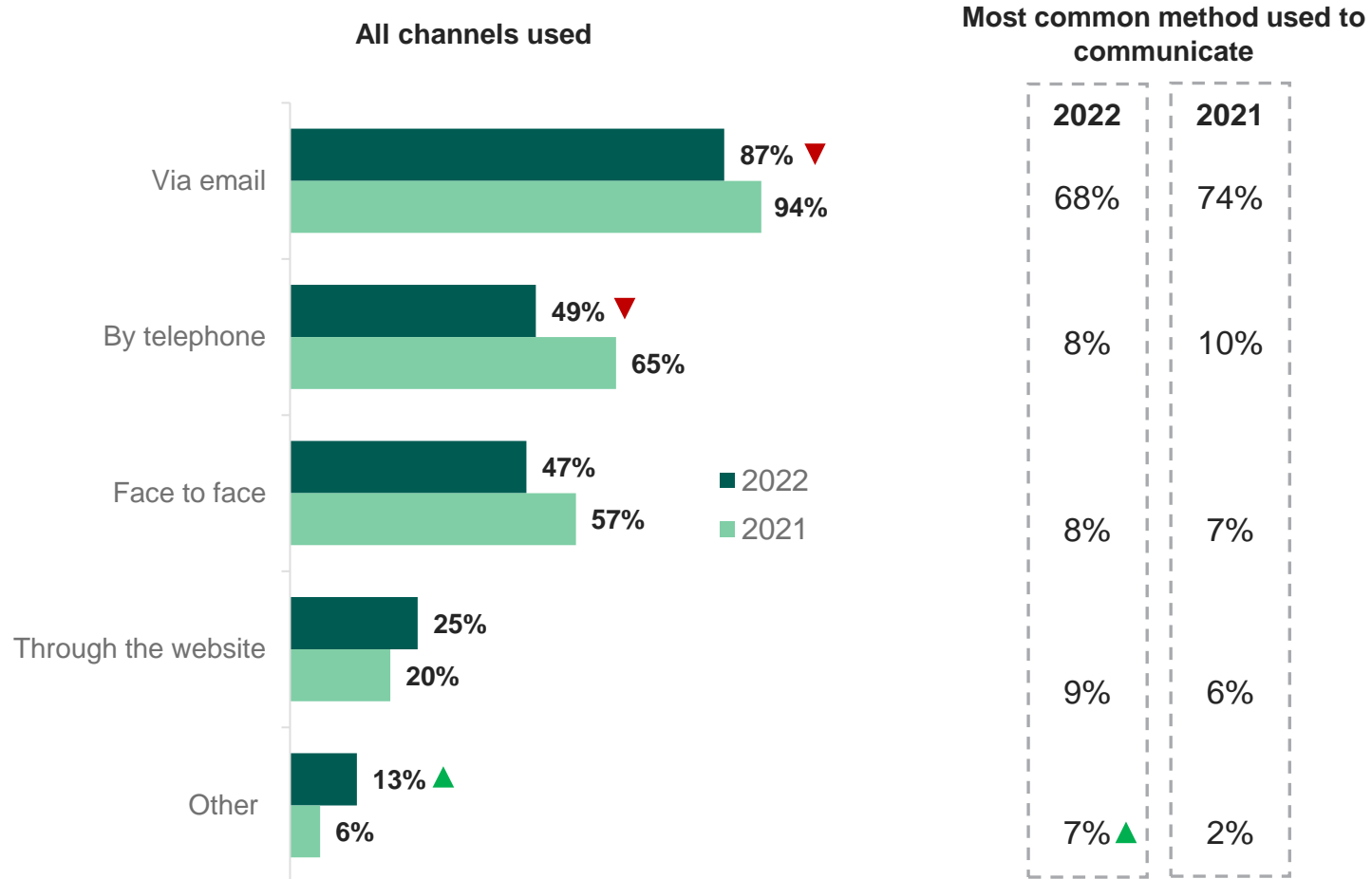


After increasing in 2021, frequency of stakeholder contact with the FMA appears to have returned to 2020 levels, with two-thirds (67%) of stakeholders saying they deal with the FMA at least once every six months, as compared to 63% in 2020 and 75% in 2021.

Similarly, 3 in 10 stakeholders (30%) say they deal with the FMA less often than once every six months (compared with 31% in 2020 and 22% in 2021)

Very few stakeholders said they had no dealings with the FMA (3%). This is consistent with 2021 (2%).

Channels of communication



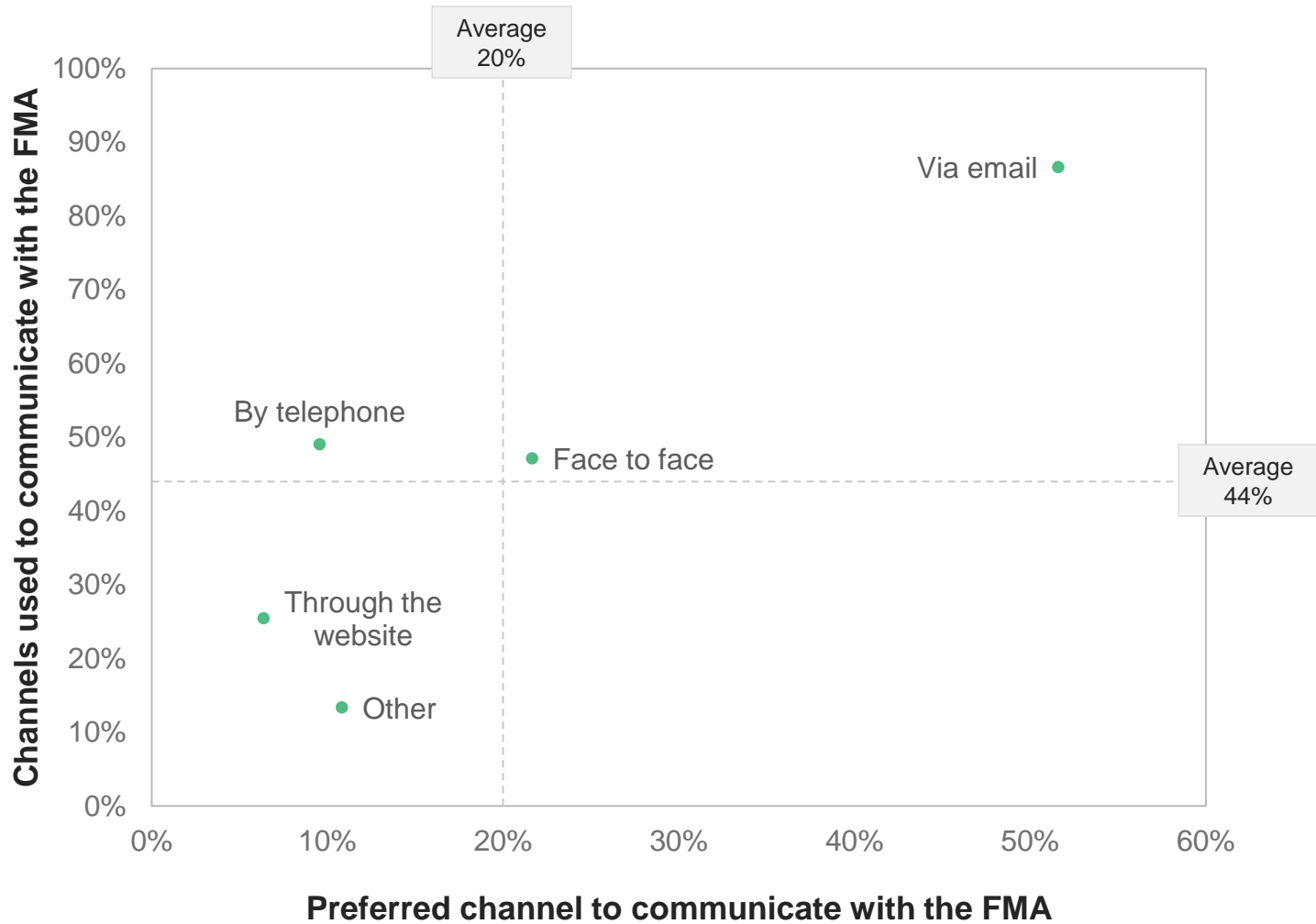
Email remains the most common method used to communicate with the FMA, as almost 9 in 10 stakeholders say they communicate with the FMA by email (87%), and 68% say email is the most common channel they use.

Telephone and face to face channels have the next highest usage, at 49% and 47% respectively.

This year there has been a significant decrease in the proportion who say they communicate with the FMA via email (87%, vs. 94% in 2021) and by phone (49%, vs. 65% in 2021).

Meanwhile, significantly more say they communicate with the FMA using other methods (13%, vs. 6% in 2021). Open-ended feedback indicates these other methods include online meetings and video calls.

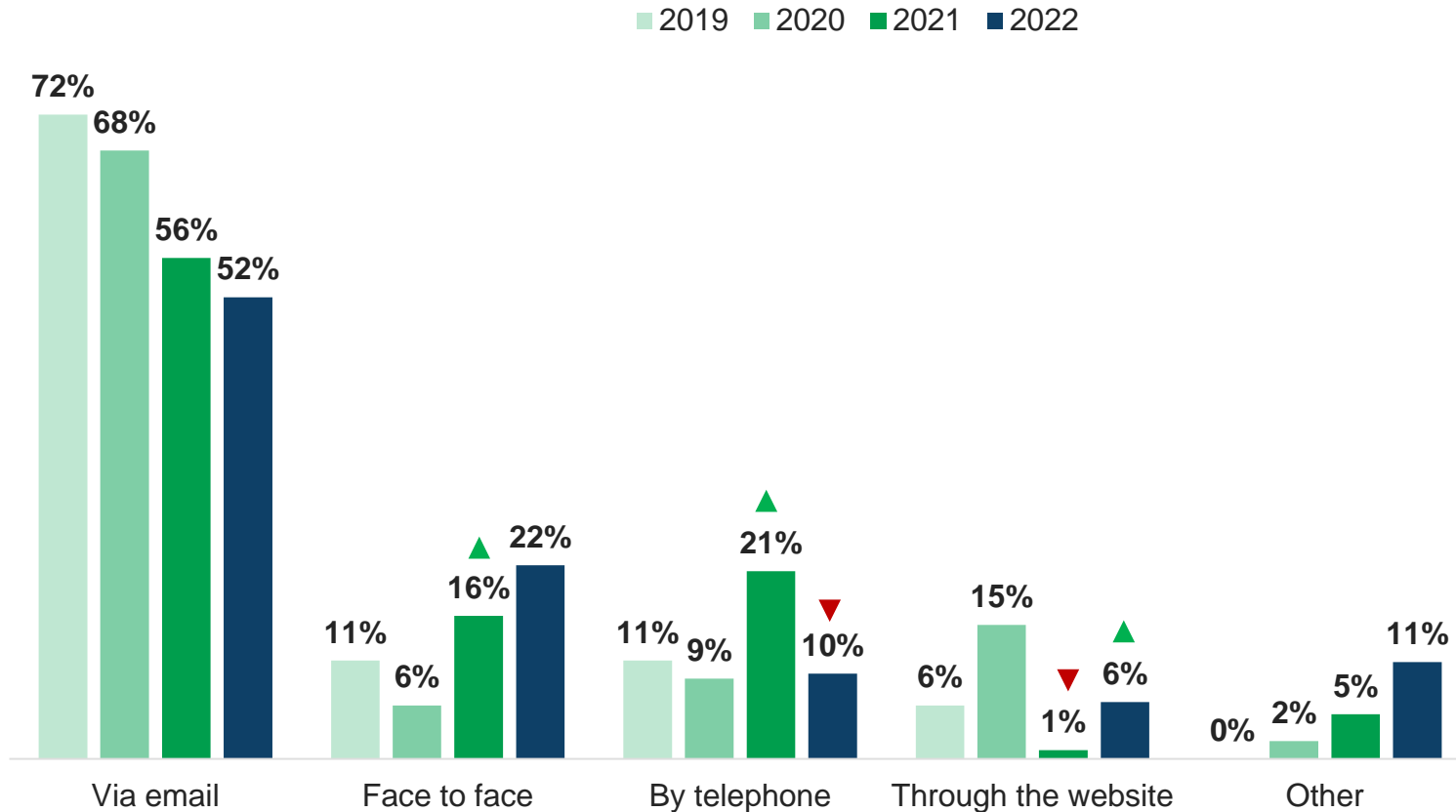
Preferred channels of communication



Email and face to face are both the most preferred and most used channels to communicate with the FMA, being preferred by 52% and 22% of stakeholders, respectively.

Phone channels have above average usage but are less preferred (10%), while the website and other channels are least utilised and least preferred.

Preferred channels of communication – over time



Results indicate a downwards trend in stakeholder preference for email communication with over 2 in 10 (22%) now preferring face to face communication instead (compared with 16% in 2021 and just 6% in 2020).

A significantly greater proportion say their preferred method to communicate with the FMA is through the website (6%, vs. 1% in 2021) or via other channels such as video calls (11%, vs. 5% in 2021).

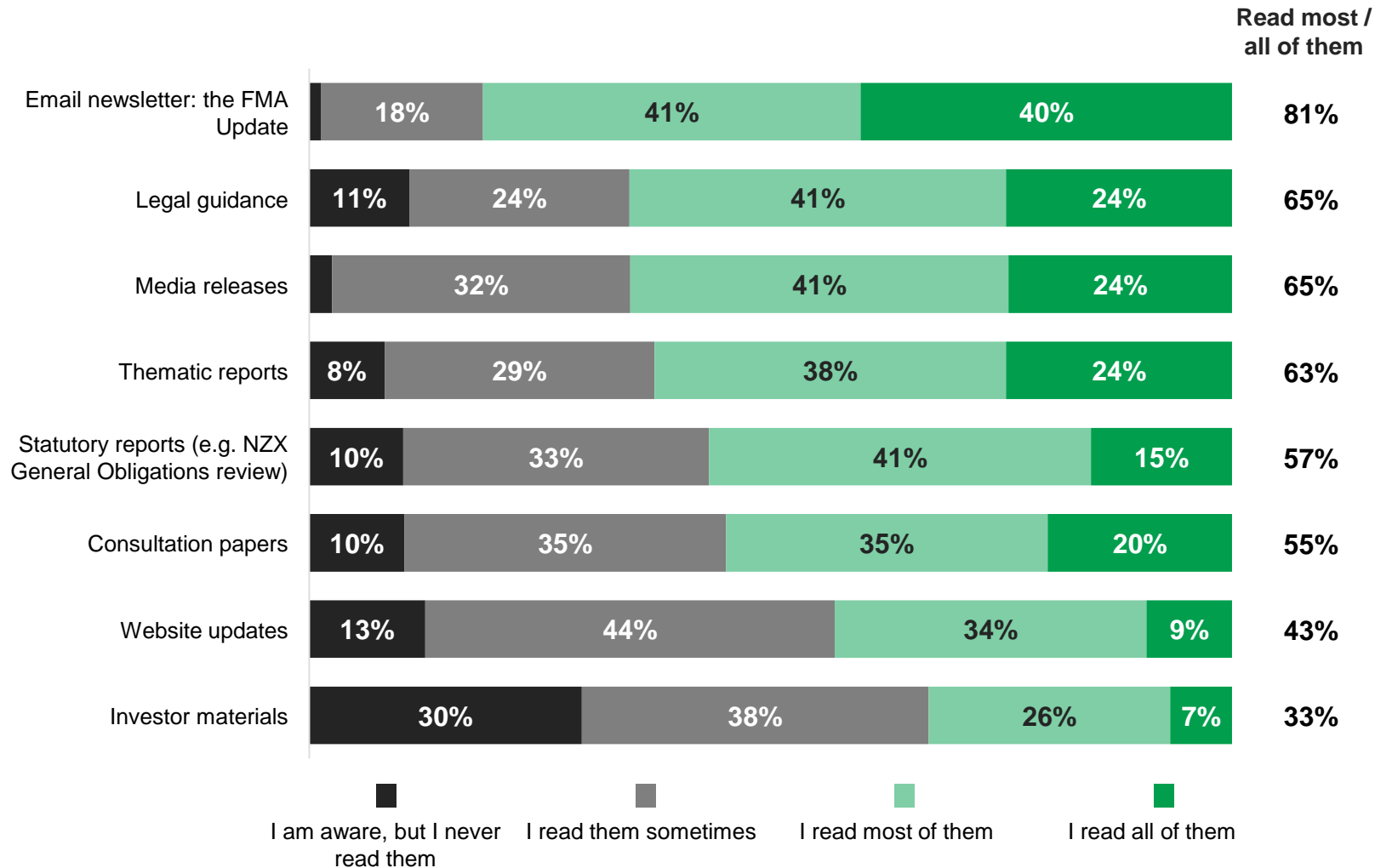
These results may reflect the ongoing impacts of COVID-19 on ways of working for NZ businesses.



SECTION 4

Market Communications

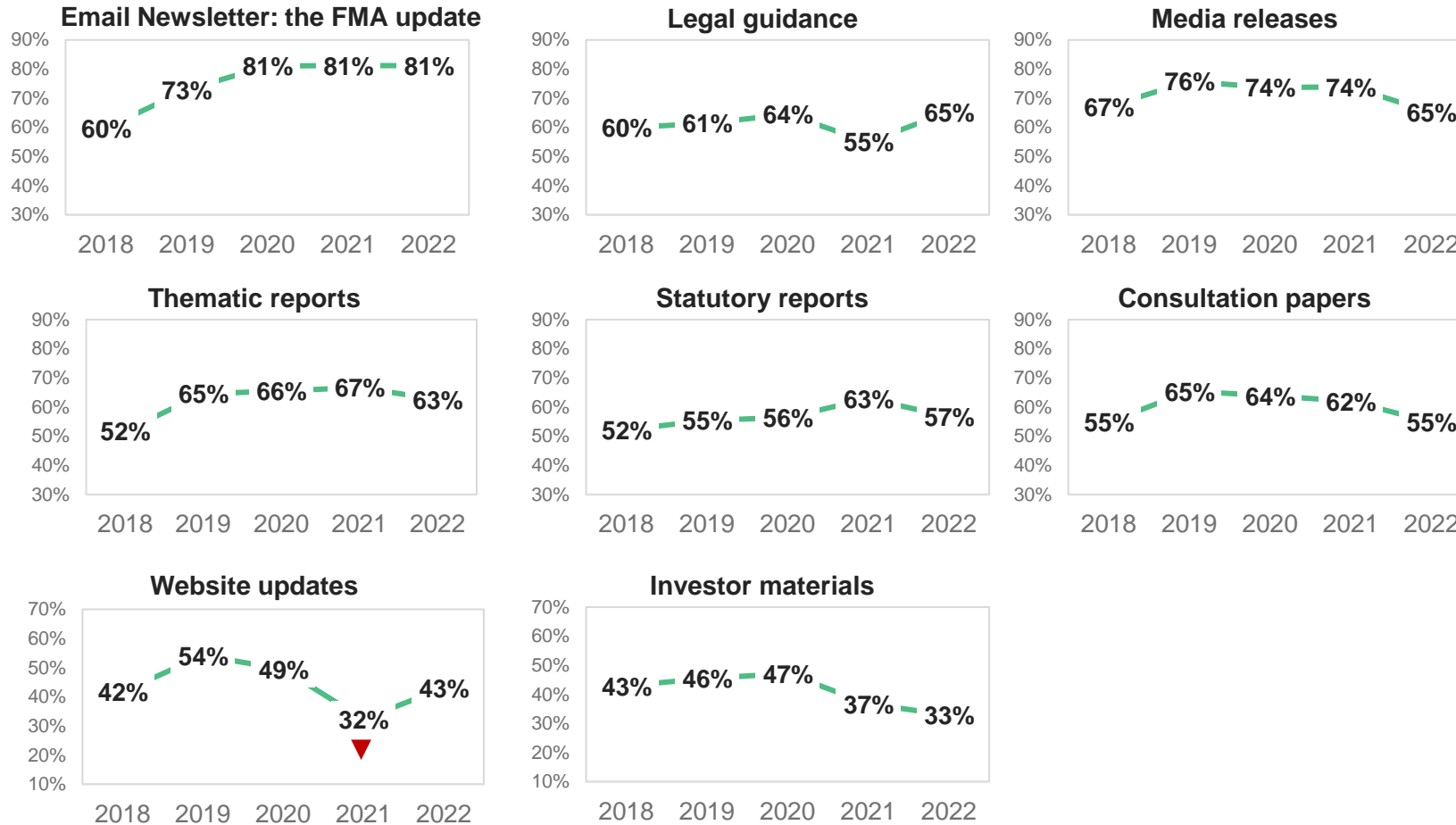
Readership of market communications



Amongst FMA’s market communications the email newsletter has the highest readership, with 81% of stakeholders saying they read most or all of them, followed by legal guidance and media releases (65% read most or all).

Website updates (43%) and investor materials (33%) are the least commonly read market communications. In particular, 30% of stakeholders say they are aware of but never read investor materials.

Readership of market communications – trends over time (% read most/all of them)



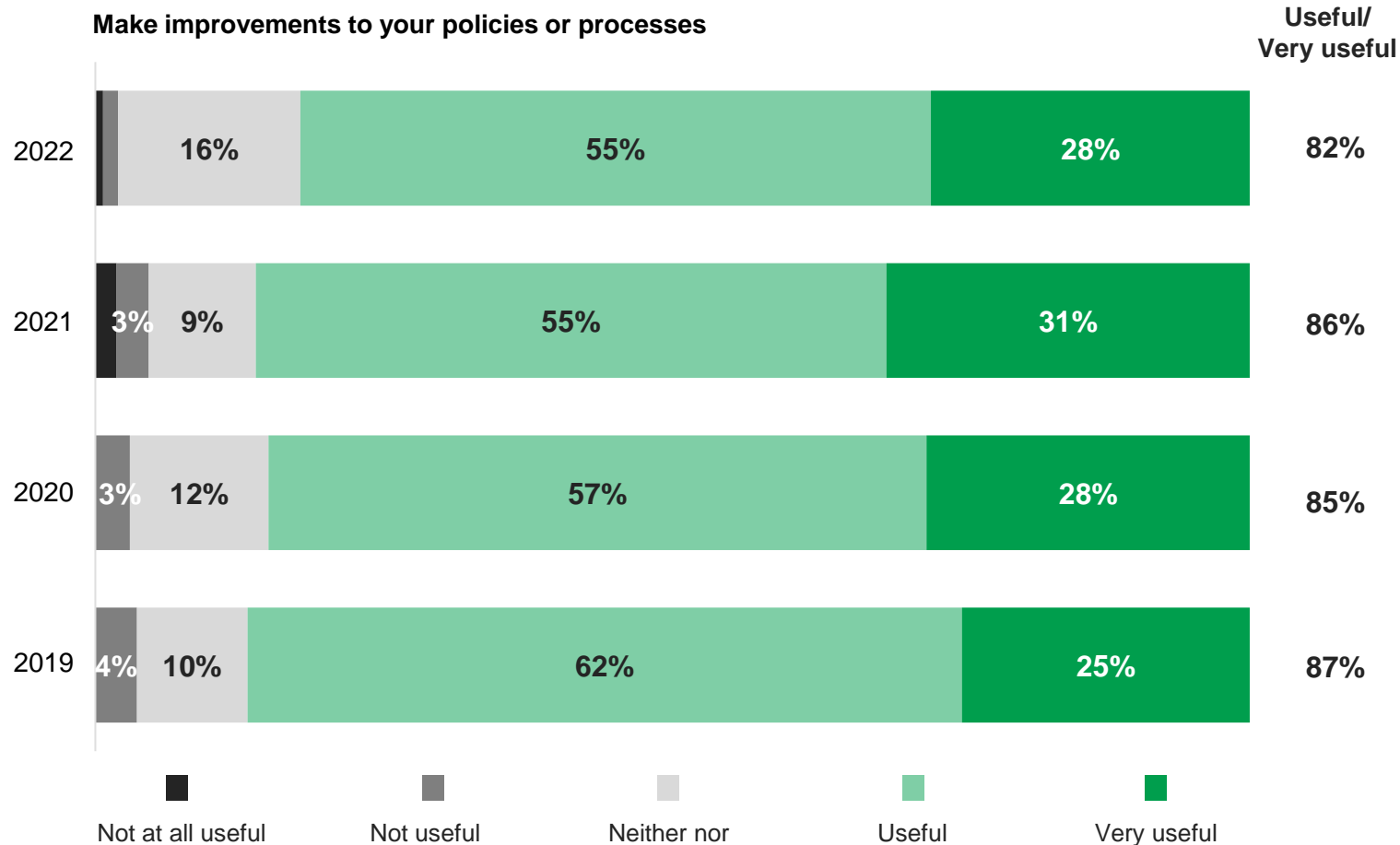
Stakeholders' readership of most FMA market communications has been relatively stable over the past few years, with no significant differences compared to the 2021 results.

Readership of website updates has increased, albeit not significantly, in 2022 (43%), after a significant decline last year (32%, compared with 49% in 2020). Similarly, readership of legal guidance appears to have recovered from the slight decline seen in 2021 (from 55% to 65%).

Usefulness of FMA-issued guidance

How useful did you find the guidance in helping you to...

Make improvements to your policies or processes



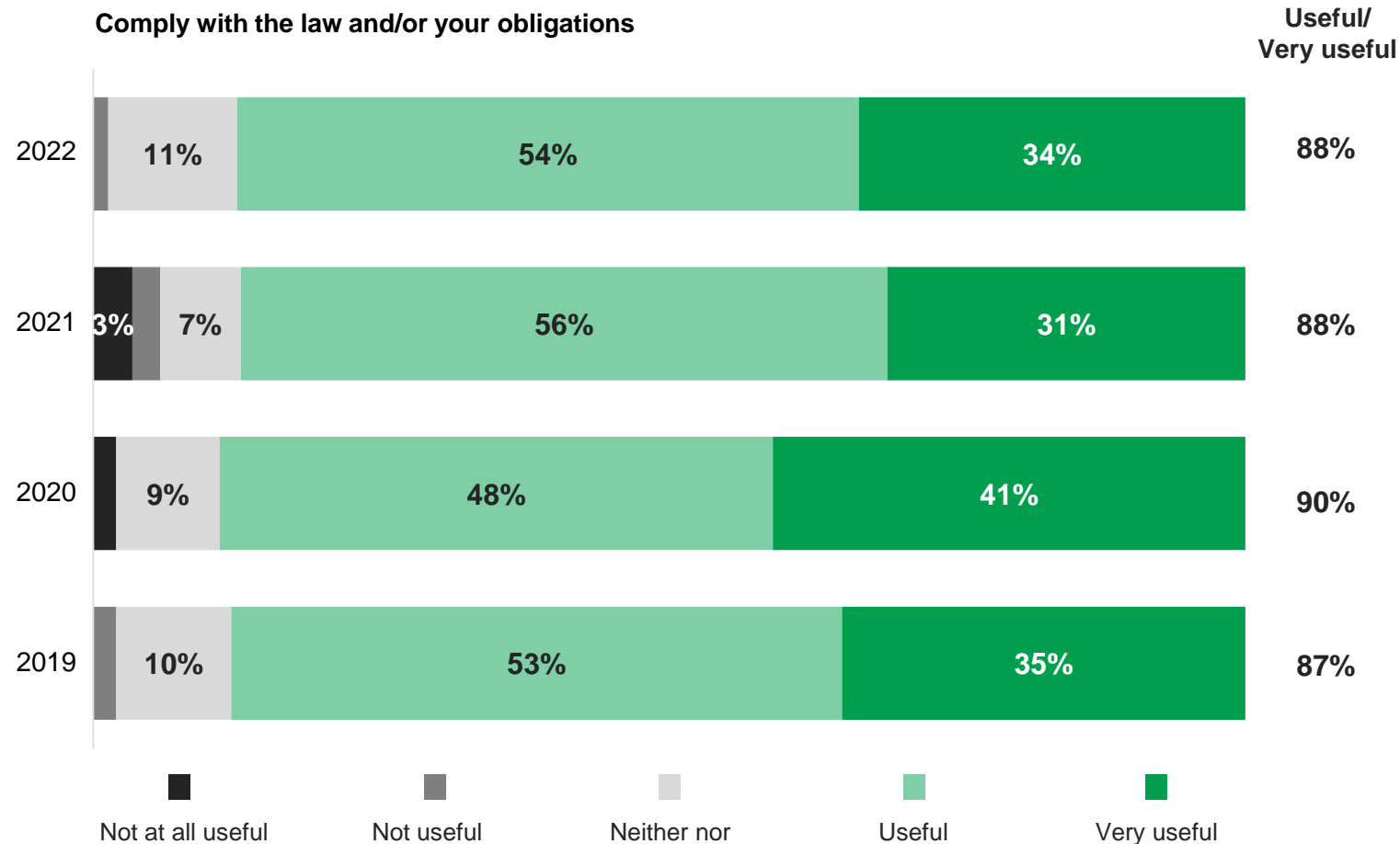
Usefulness of guidance is fairly consistent with that of previous years, with over 8 in 10 stakeholders (82%) saying guidance from the FMA was useful or very useful in helping them make improvements to their policies or processes (compared to 86% in 2021).

Although there are no statistically significant differences compared to 2021 results, the proportion of stakeholders who found the FMA guidance 'very useful' has decreased slightly (28%, vs. 31% in 2021), while the proportion who are neutral has increased from 9% in 2021 to 16% in 2022.

Usefulness of FMA-issued guidance

How useful did you find the guidance in helping you to...

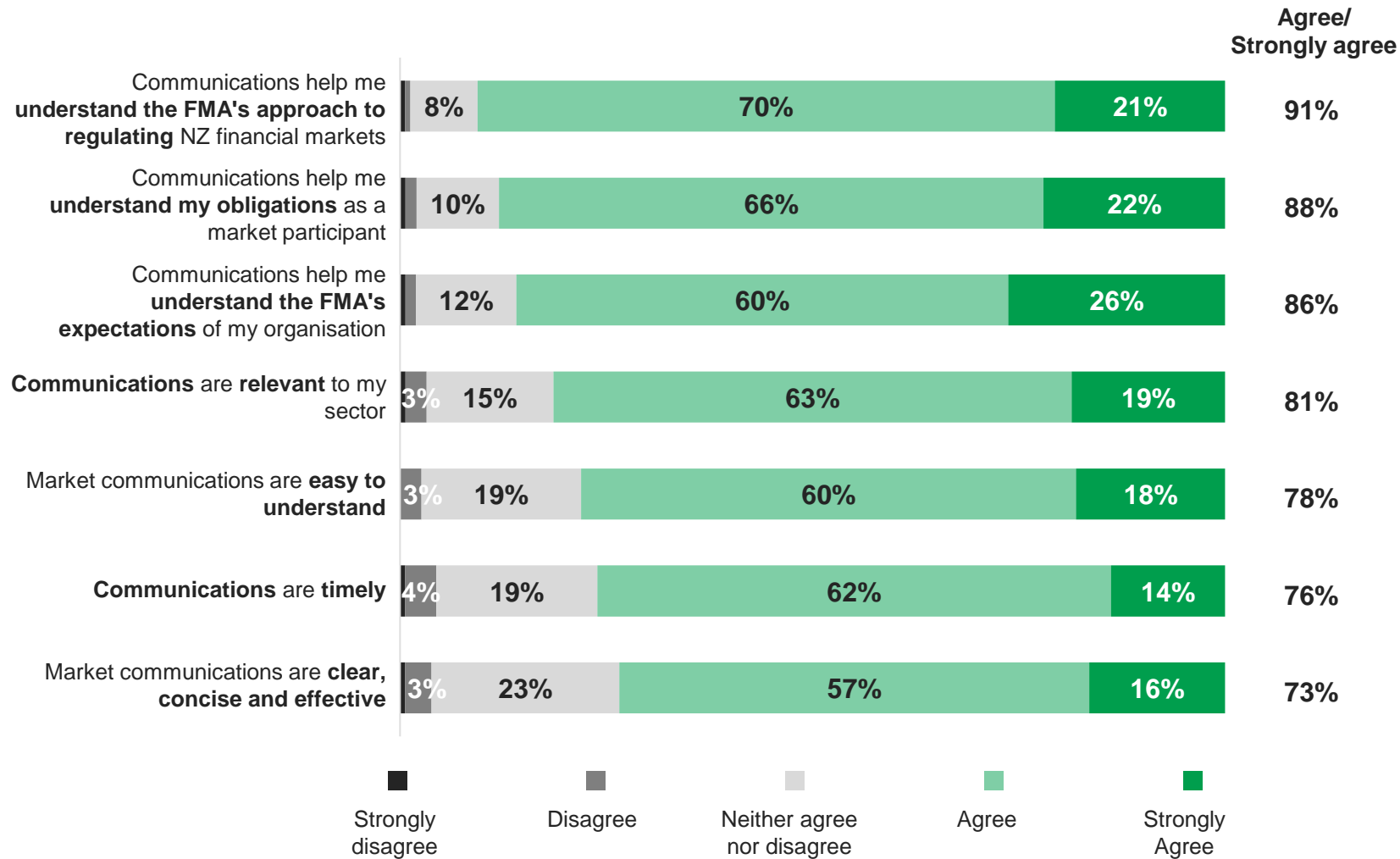
Comply with the law and/or your obligations



Usefulness of guidance is consistent with 2021 results, with the majority of stakeholders saying the guidance they received from the FMA was useful or very useful in helping them comply with the law and/or their obligations (88%).

Although not a statistically significant decrease, the proportion of stakeholders who say the FMA-issued guidance they receive is not useful or not at all useful has decreased (1%, vs. 5% in 2021).

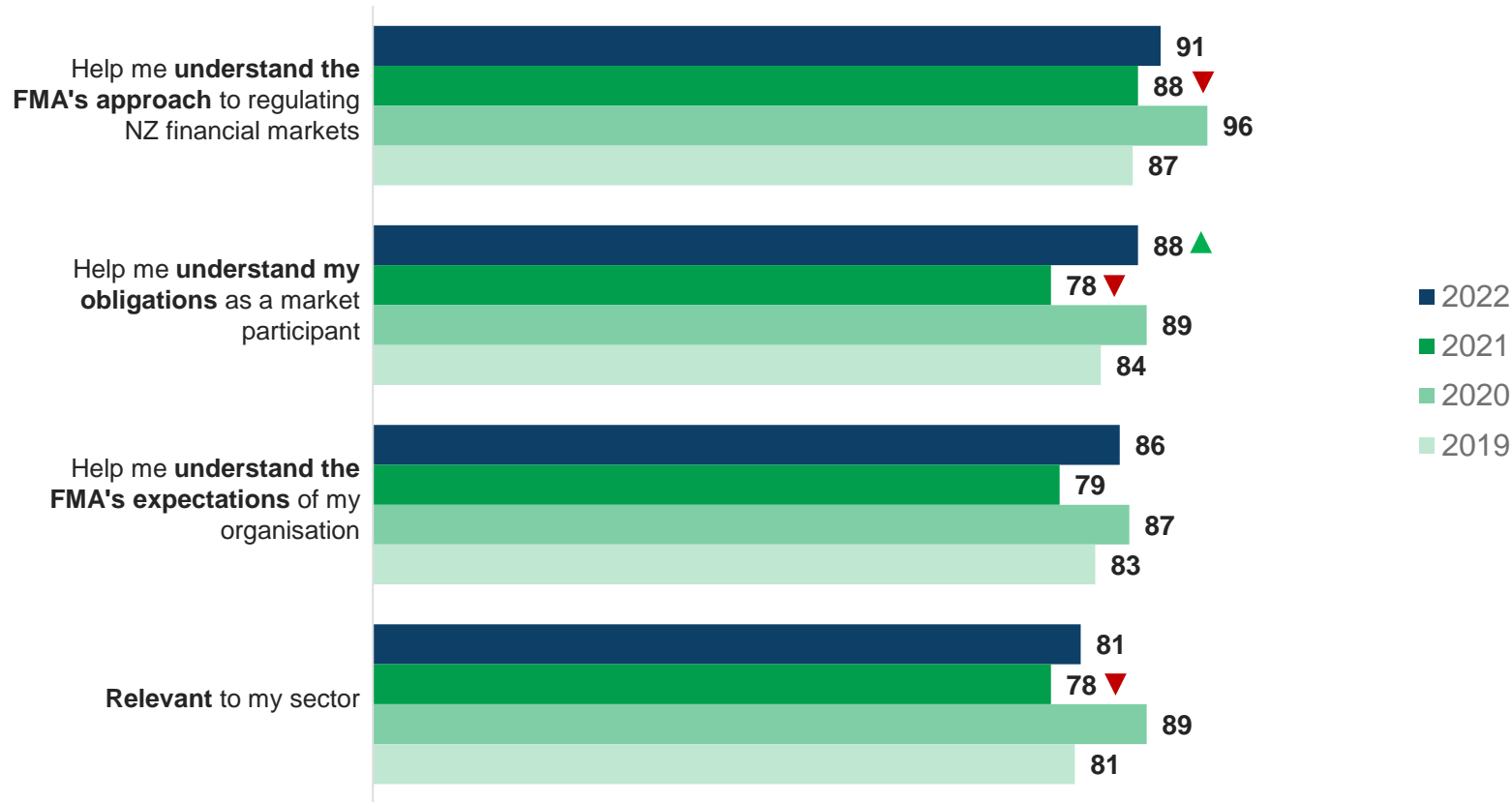
Effectiveness of market communications



Nine in 10 stakeholders (91%) agree or strongly agree that FMA market communications help them to understand the FMA's approach to regulating New Zealand's financial markets, and over 8 in 10 agree that FMA communications help them to understand their obligations as a market participant (88%), help them to understand the FMA's expectations of their organisation (86%), and are relevant to their sector (81%).

Fewer than three-quarters of stakeholders agree or strongly agree that the FMA's communications are clear, concise and effective (73%), suggesting there is room for improvement for this aspect.

Effectiveness of market communications – over time (% agree/strongly agree)

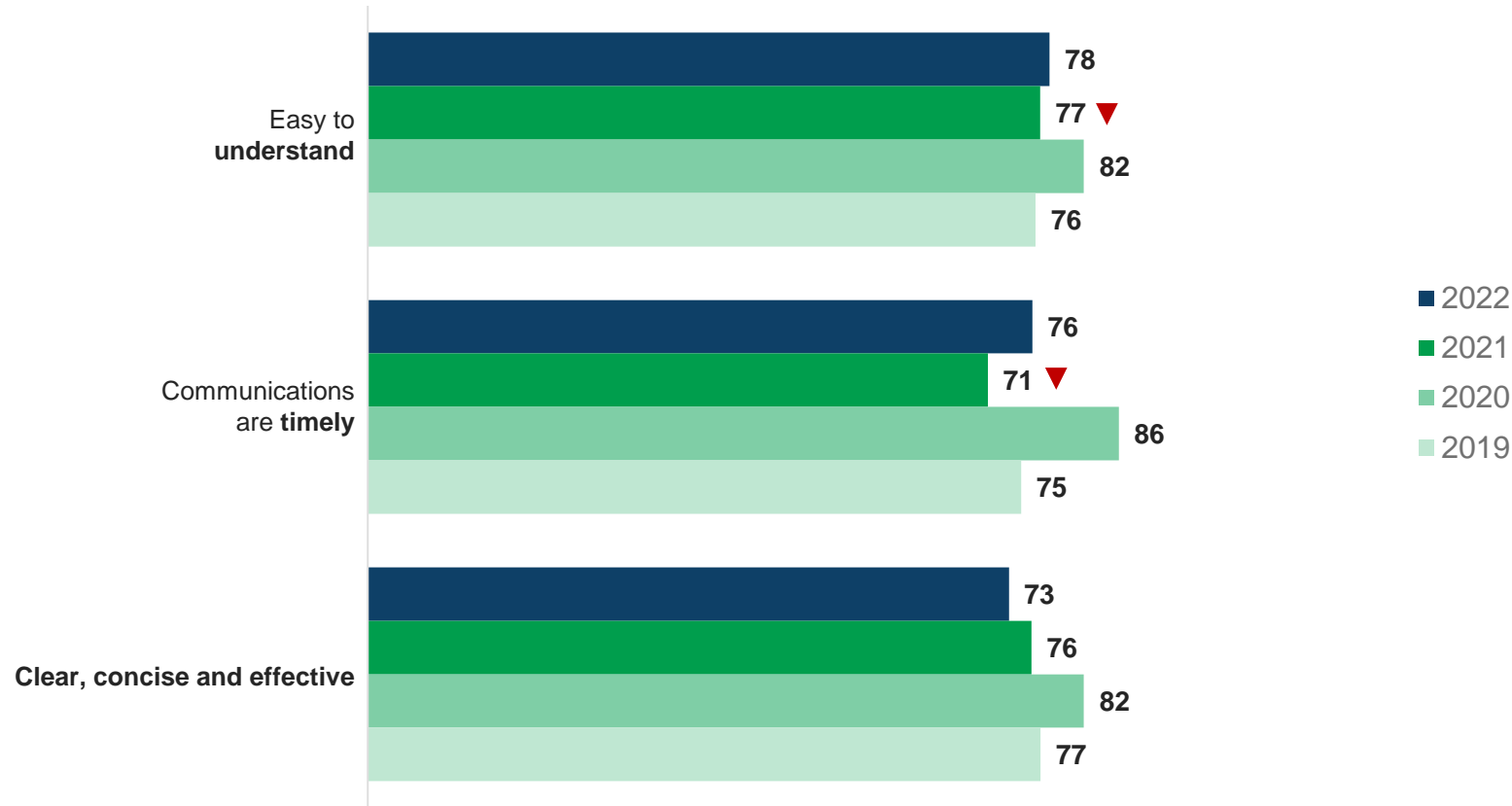


After significant declines in 2021 across several aspects, this year's results indicate a recovery in perceived effectiveness of FMA market communications.

In particular, there has been a significant increase in the proportion of stakeholders who agree or strongly agree that FMA market communications help them understand their obligations as a market participant (88%, vs. 78% in 2021).

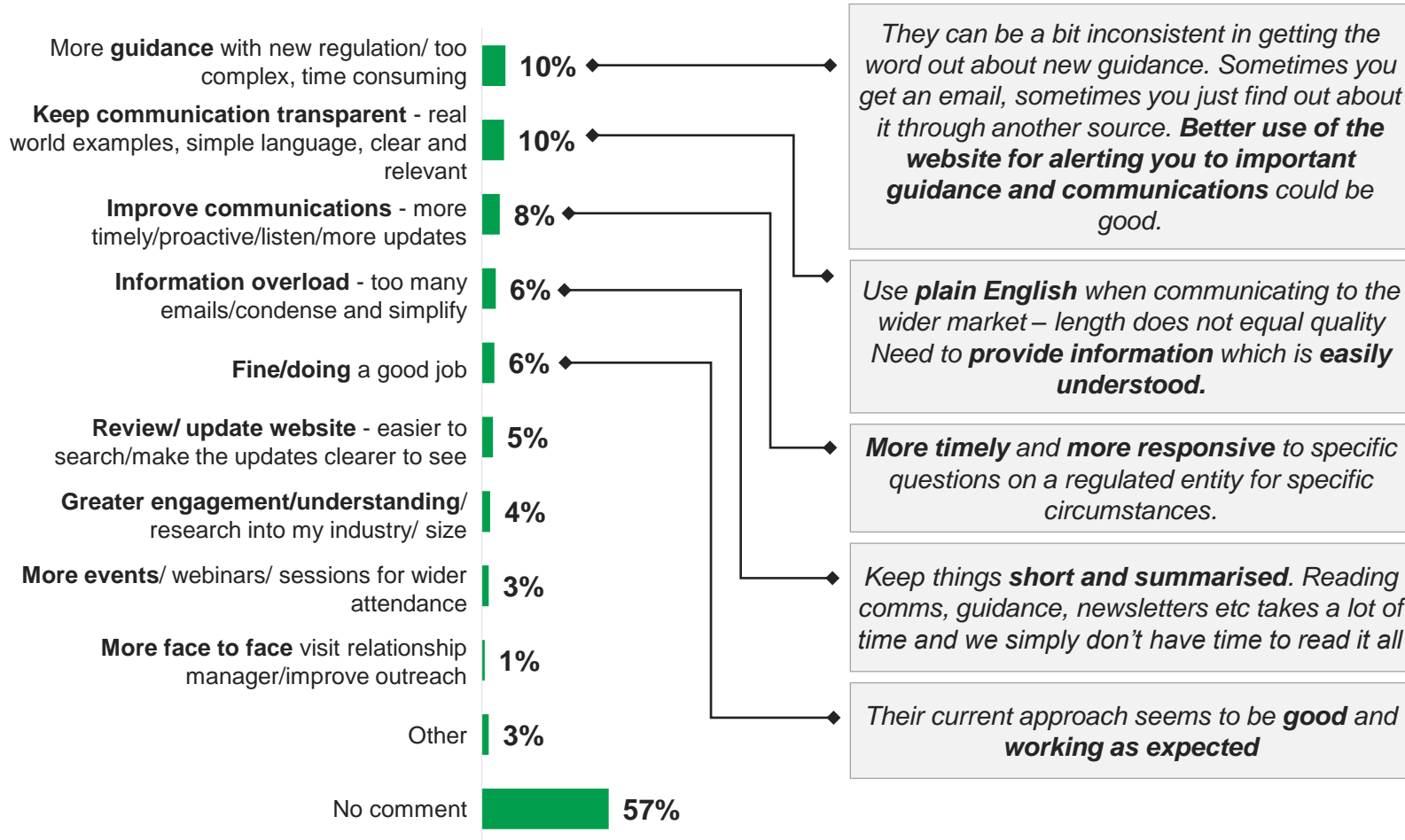
Additionally, slightly more stakeholders agree that market communications help them understand the FMA's expectations of their organisation (86%, vs. 79% in 2021).

Effectiveness of market communications – over time (% agree/strongly agree)



Ratings of the timeliness of market communications have also increased slightly (76% vs. 71% in 2021), while the proportion of stakeholders who agree that market communications are clear, concise and effective (73%) is lower than in the previous 3 years.

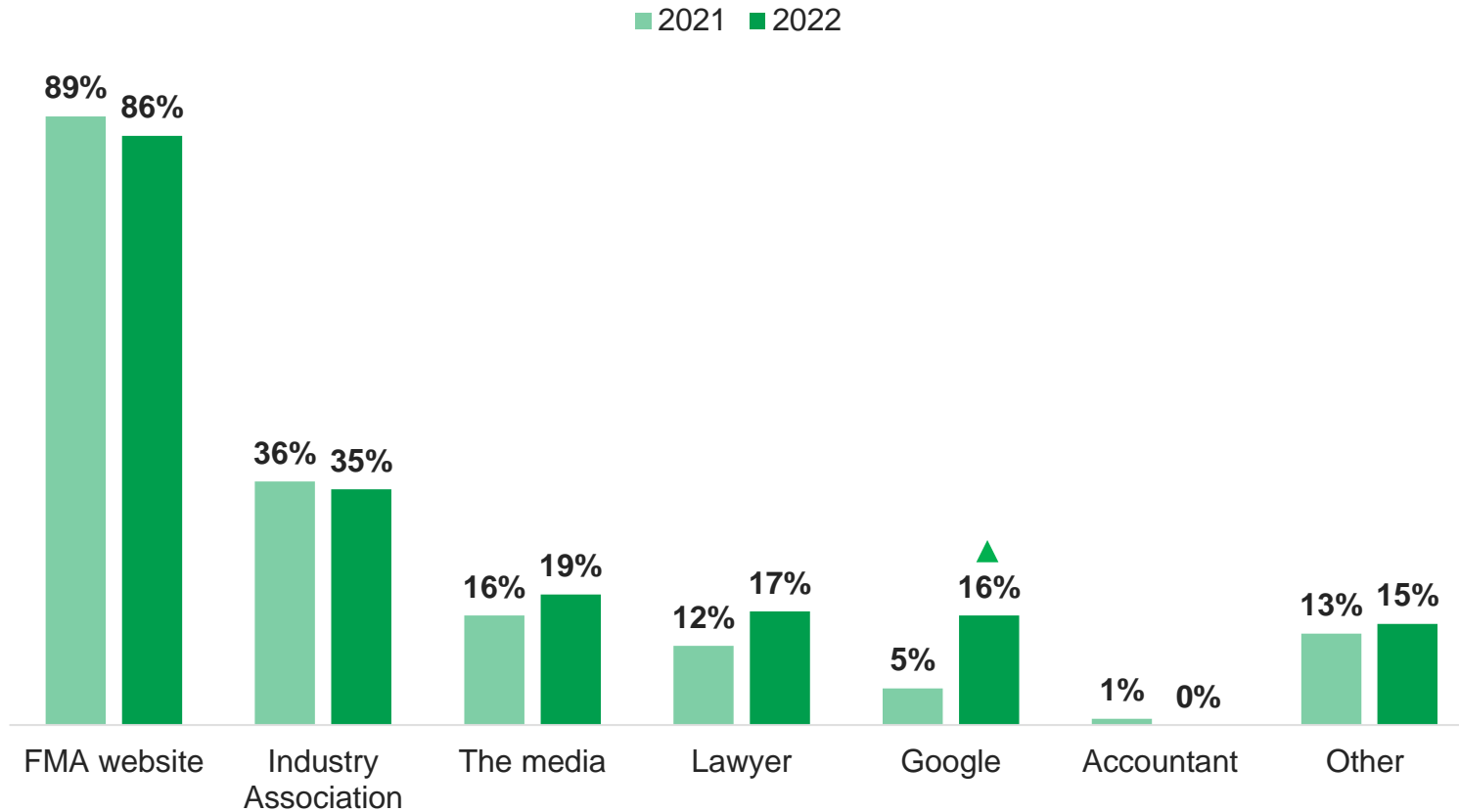
Ways to improve market communications



Over half (57%) gave no suggestions for ways that FMA's market communications could be improved.

Of those who did make a comment, the most commonly suggested areas for improvement include: more guidance to help stakeholders navigate new regulatory requirements (10%), transparent communication (10%), and more timely and proactive communication (8%).

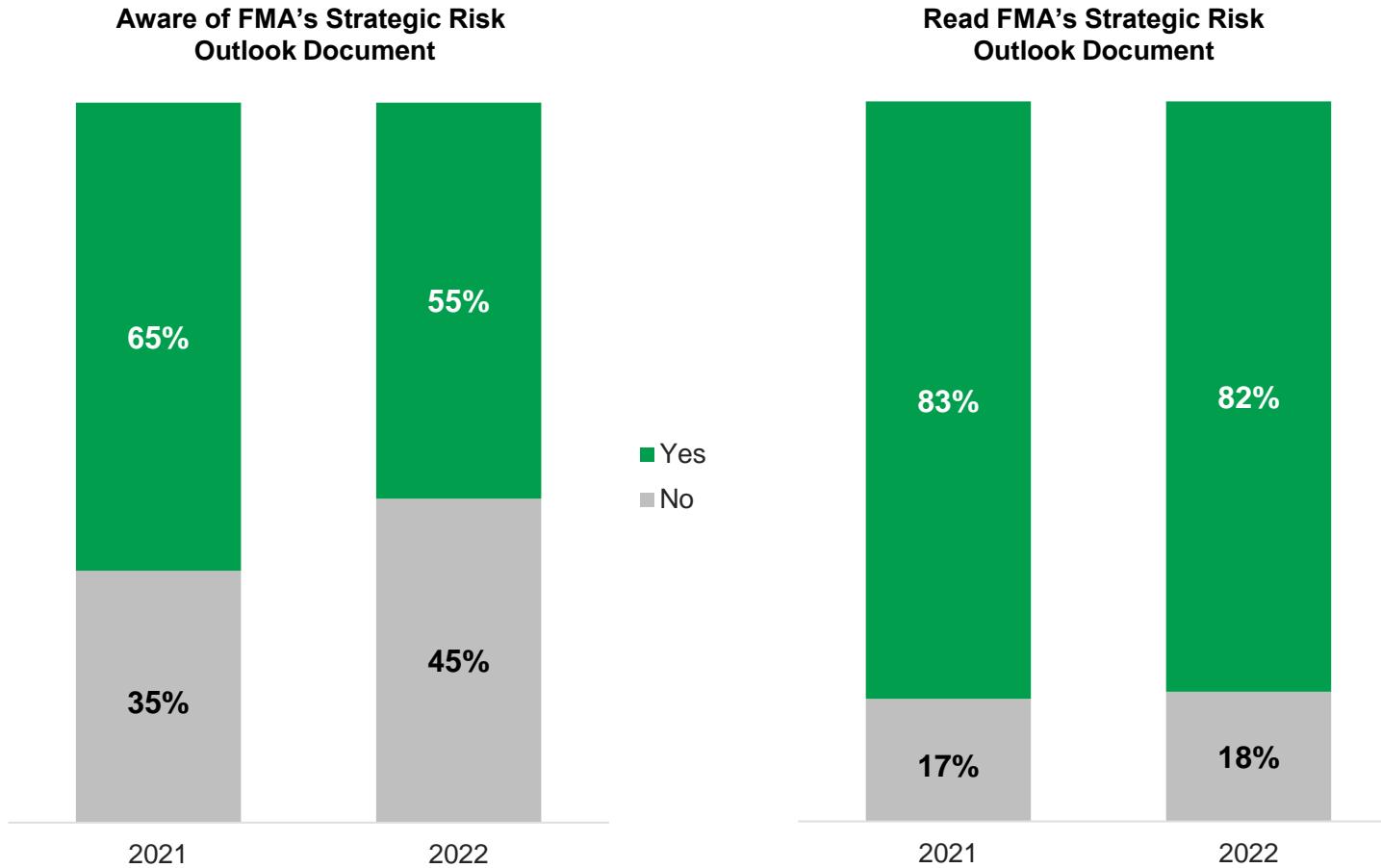
Sources used to gather important information about the FMA's work



The FMA's website continues to be the main source stakeholders use to gather important information about the FMA's work with 86% having used it.

Stakeholders' use of Google as an information source for information about the FMA's work has significantly increased (16%, vs. 5% in 2021).

Awareness of FMA's strategic risk outlook document



Over half of stakeholders (55%) are aware of the FMA's Strategic Risk Outlook document. This represents a decrease from 2021 (65%), albeit the difference is not statistically significant.

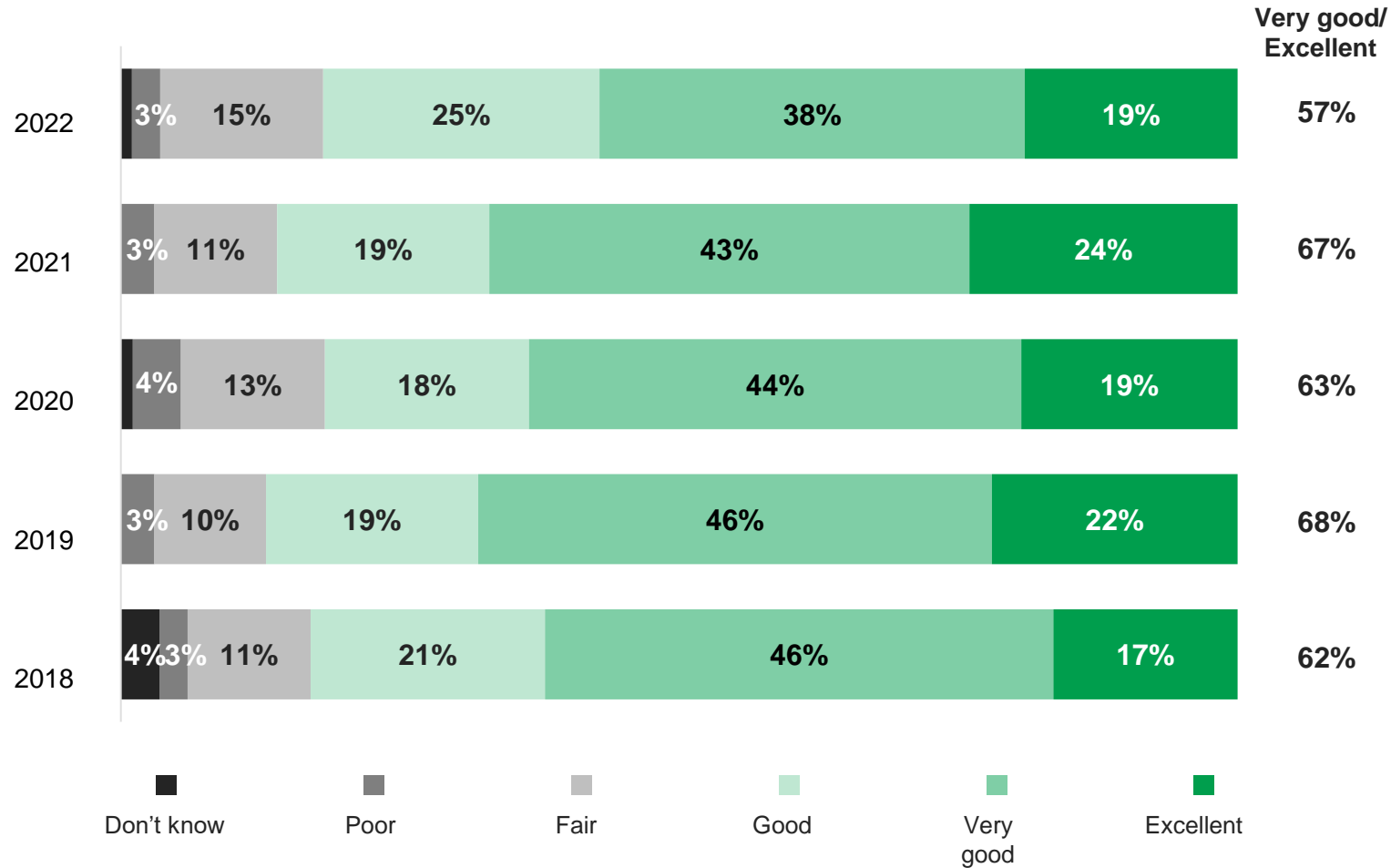
Among those who are aware, the proportion who have read the Strategic Risk Outlook document is stable at 82% (compared to 83% in 2021).



SECTION 5

Dealings with the FMA

Quality of service

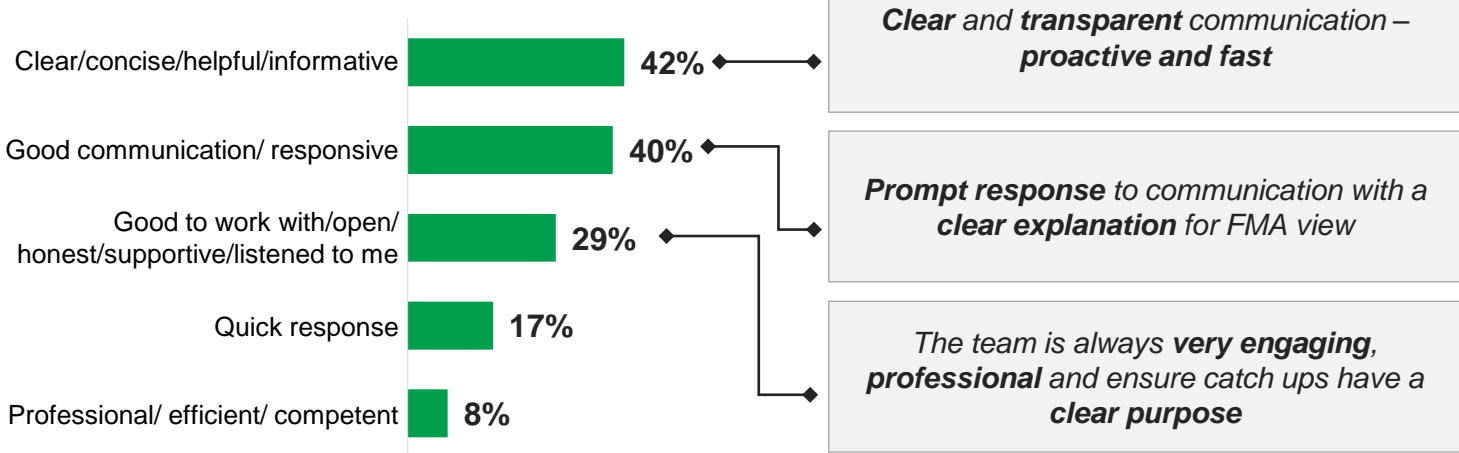


The quality of service received by stakeholders in 2022 is lower than in previous years with 57% of stakeholders saying they received very good or excellent service in their most recent business interaction with the FMA, compared to 67% in 2021.

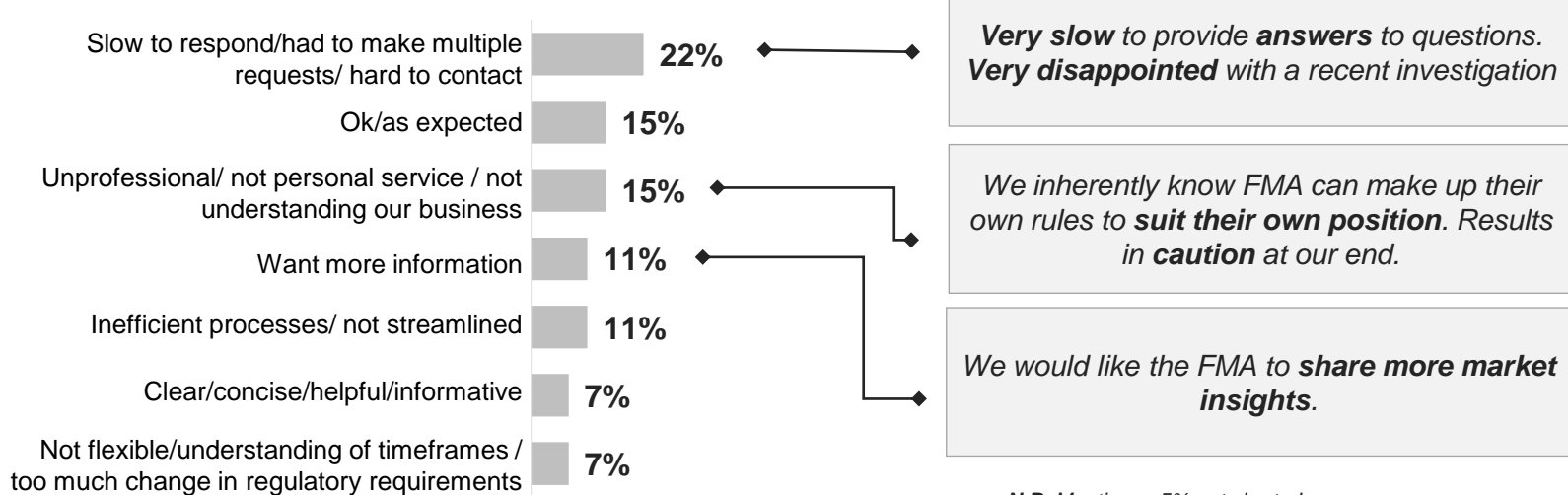
Fifteen per cent of stakeholders say the service they received was 'fair' while less than 5% say they received poor service (3%). This is broadly consistent with 2021 results.

Reasons for rating of service received

Reasons for rating: Very good/excellent



Reasons for rating: Fair/ poor

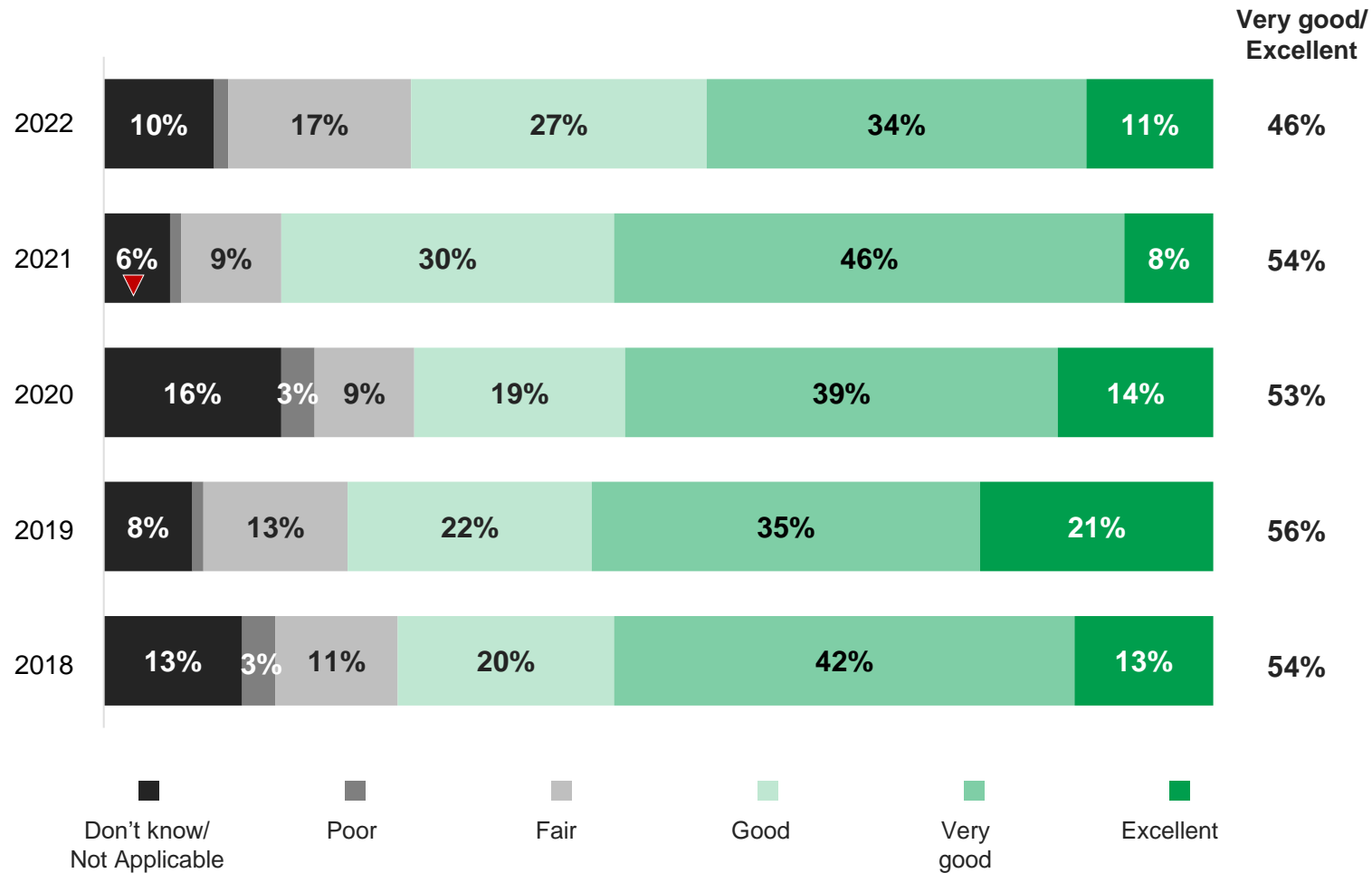


N.B. Mentions <5% not charted

Stakeholders' top reasons for rating the service they received from the FMA as very good or excellent relate to their communications being clear, concise and helpful (42%), responsiveness (40%), and having an open and supportive working relationship (29%).

The top reasons for rating the service received as fair or poor relate to the FMA being slow to respond or difficult to contact (22%), not understanding a stakeholder's business (15%), and wanting the FMA to provide more information (11%).

Quality of engagement with stakeholders



Quality of engagement with stakeholders is also lower than in 2021, with just under half (46%) rating their engagement with the FMA as very good or excellent (compared to 54% in 2021), while the proportion who rated their engagement with the FMA as 'fair' has increased (17%, vs. 9% in 2021), albeit these differences are not statistically significant.

Reasons for rating of quality of engagement

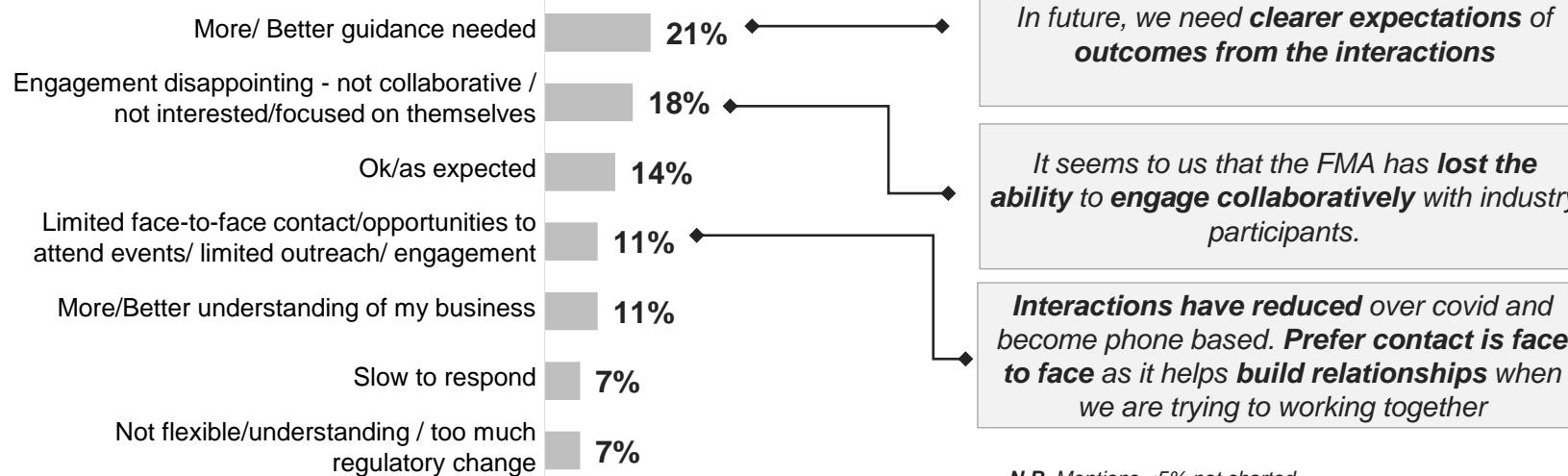
Reasons for rating: Very good/excellent



Stakeholders who rated the quality of their engagement with the FMA as very good or excellent attributed this primarily to having an open and collaborative working relationship (26%), clear and open communication (24%), the FMA being professional and efficient (18%), or providing good information and updates (15%).

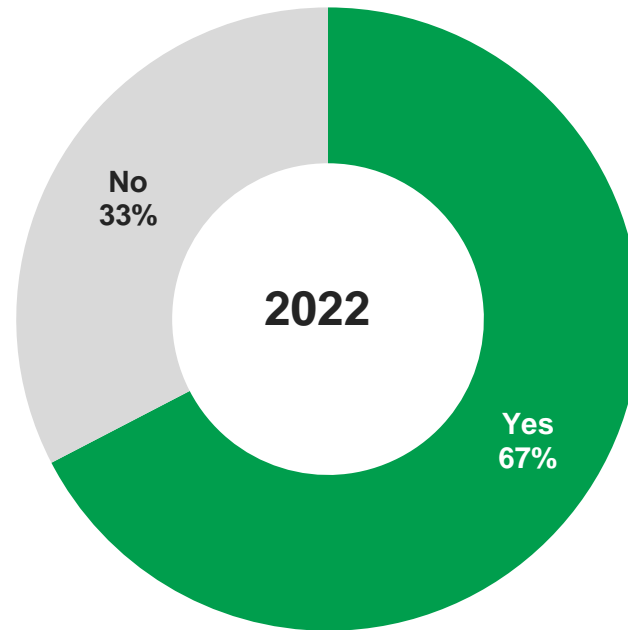
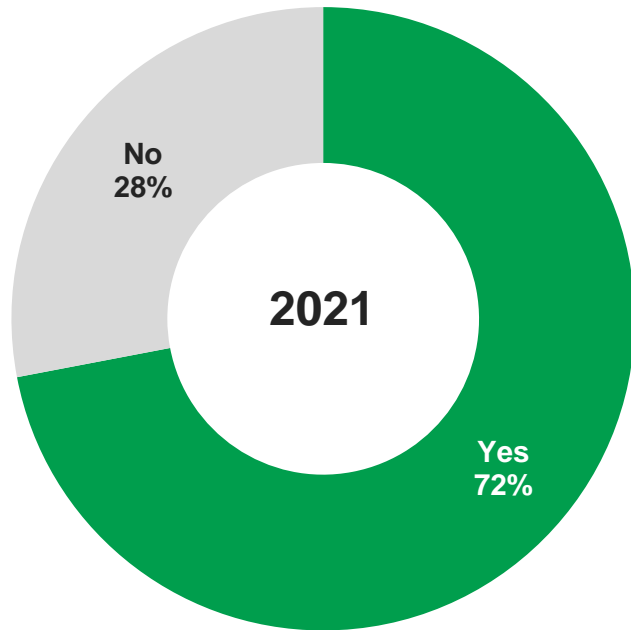
Those who gave lower engagement ratings most commonly mentioned a need for more or better guidance (21%), a lack of collaboration and interest in what they had to say (18%), limited opportunities for face-to-face contact or to attend events (11%), or a need for the FMA to better understand their business (11%).

Reasons for rating: Fair/ poor



N.B. Mentions <5% not charted

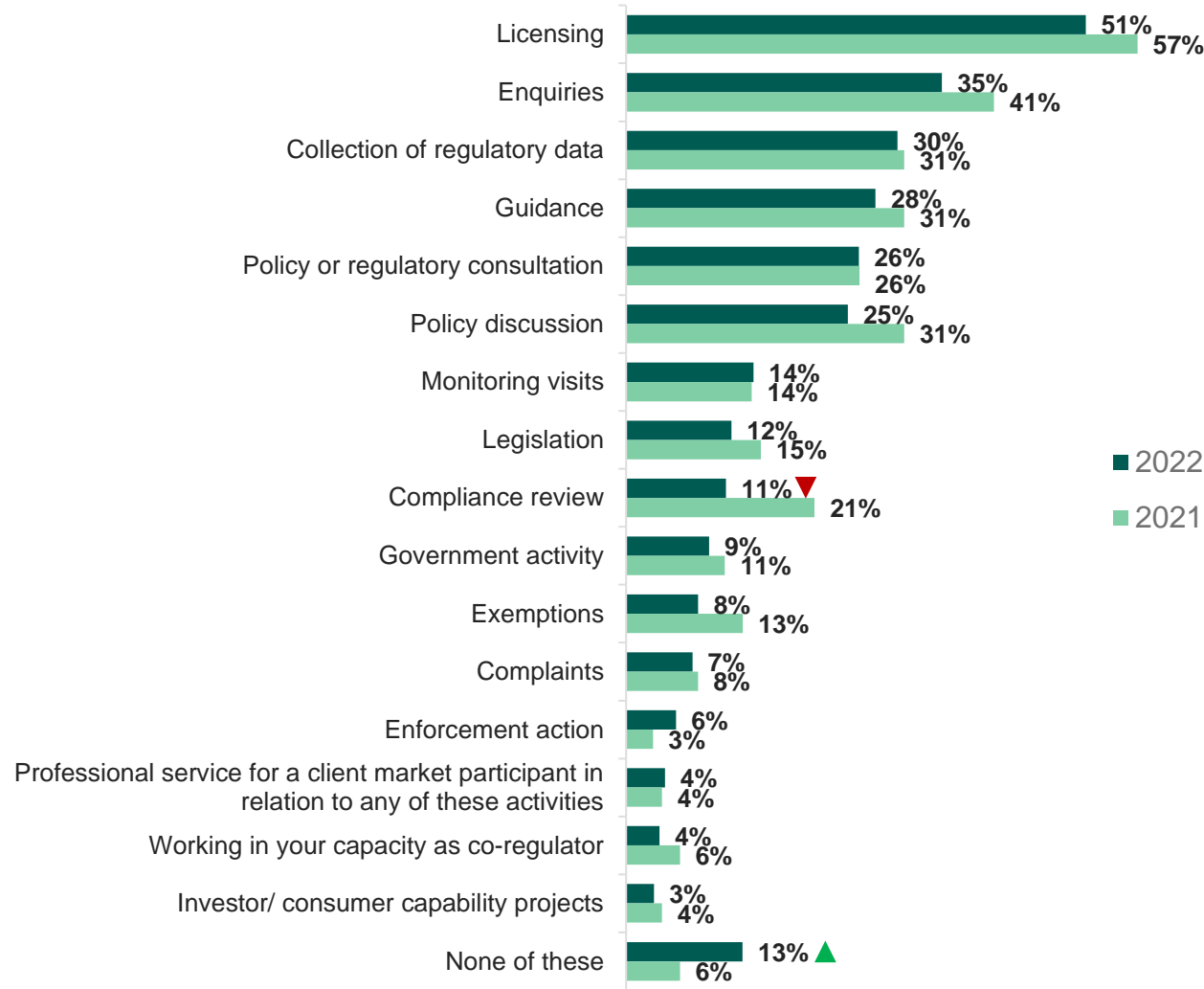
Contact with the FMA



In 2022, two-thirds (67%) of stakeholders who responded to the survey said they have a point of contact at FMA, slightly, but not significantly lower than in 2021 (72%).

Financial advice providers are significantly less likely to have a point of contact with the FMA (52%).

Involvement in the FMA's activities

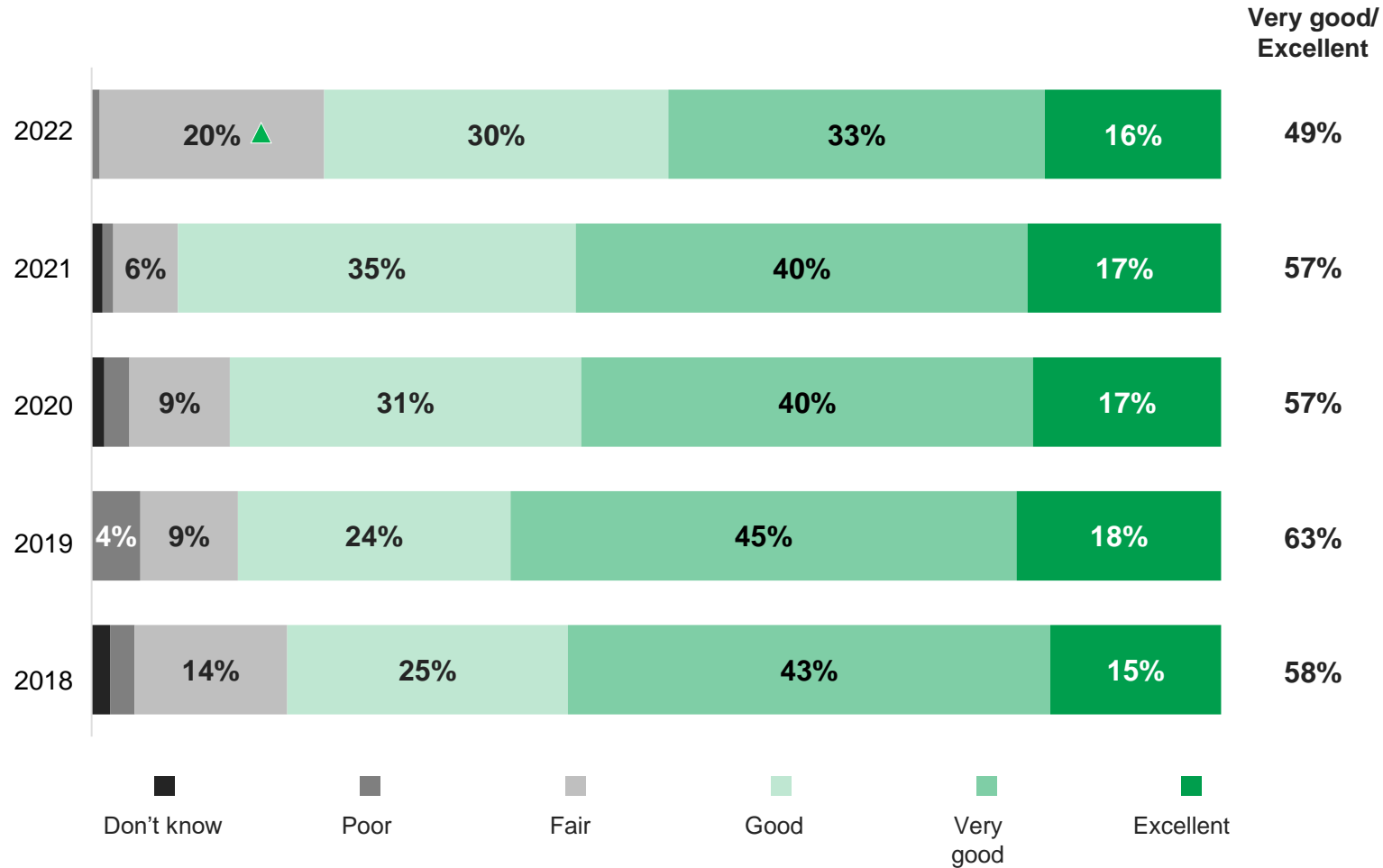


Results in 2022 are relatively consistent with 2021 for stakeholder involvement with FMA activities.

Licensing continues to be the most common activity stakeholders have been involved in within the last 12 months (51%), followed by enquiries (35%).

The proportion of stakeholders who report being involved in compliance reviews has significantly decreased from 21% in 2021 to 11% in 2022, while the proportion who were not involved in any activities has significantly increased (13%, compared to 6% in 2021).

Dealings with the FMA

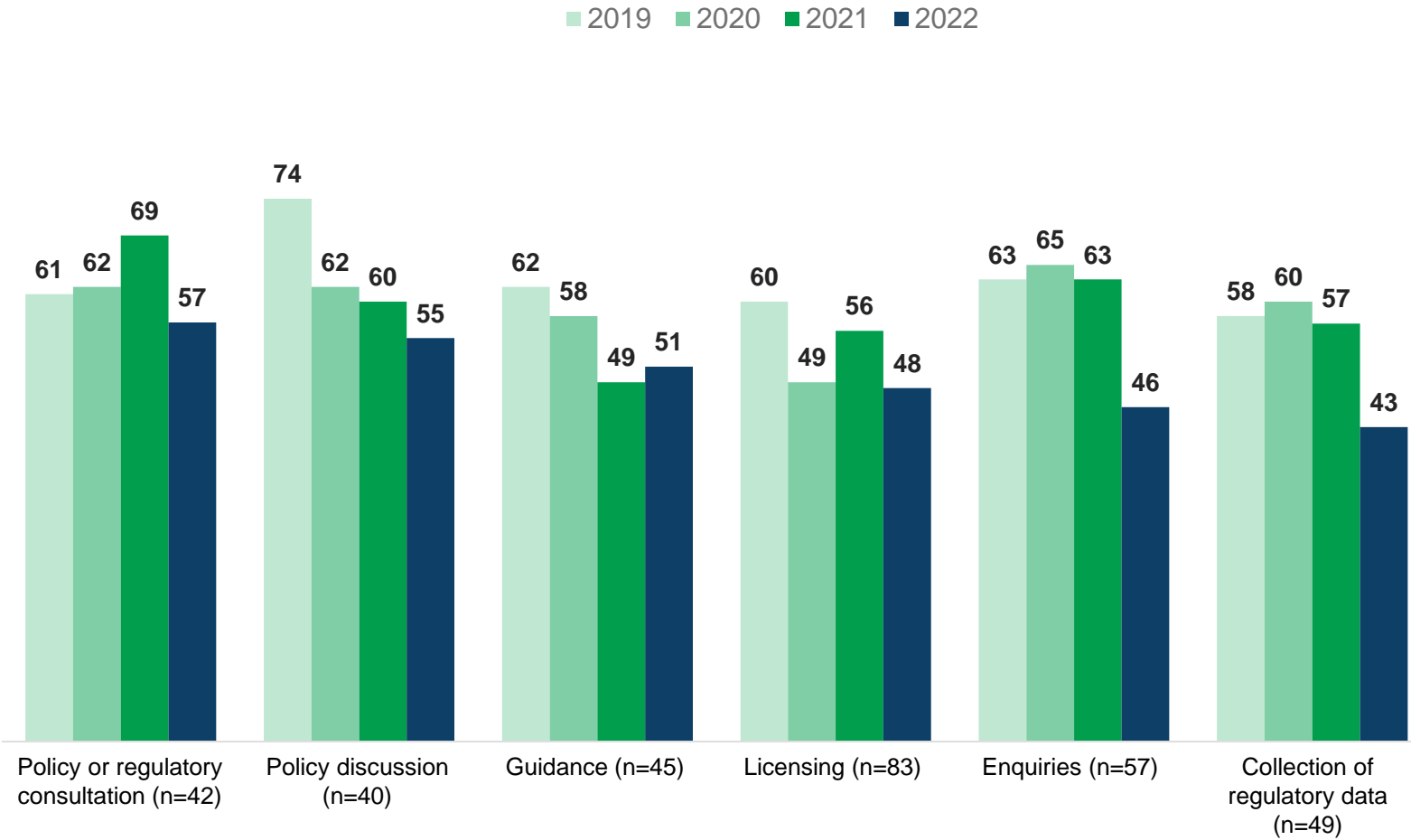


When asked to rate their interactions with the FMA in the last 12 months, just under half (49%) of stakeholders gave a rating of very good or excellent. This represents a decrease from 2021 (57%), although the difference is not statistically significant.

The proportion of stakeholders who rate their dealings with the FMA as 'fair' has significantly increased in 2022 (20%, vs. 6% in 2021).

Activities and dealings with the FMA

(% very good/excellent)

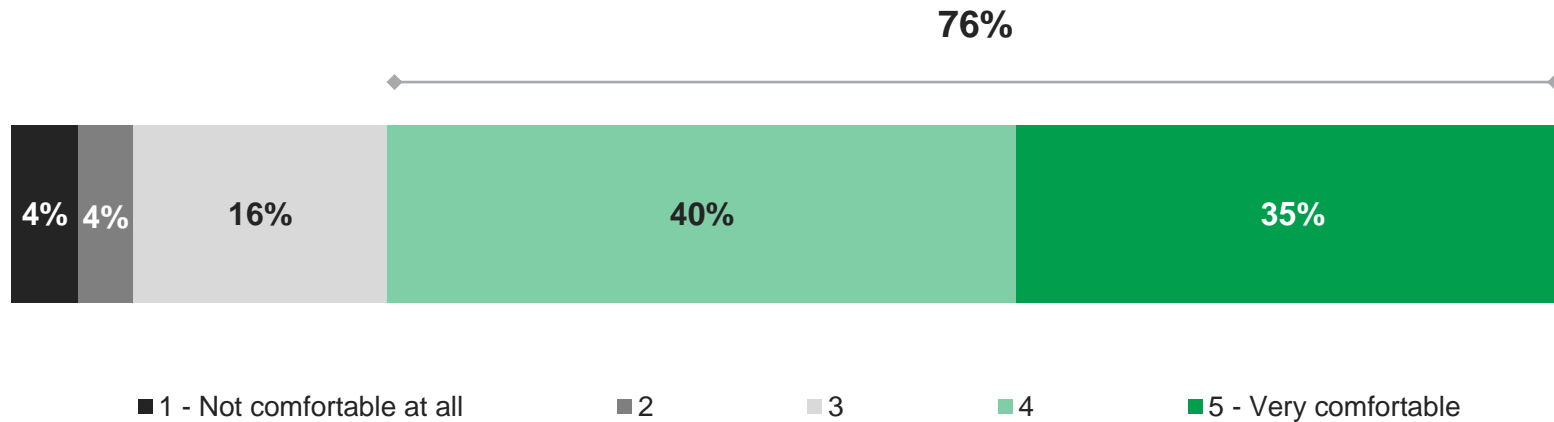


* Only activities with more than n=30 shown
 Note: low sample sizes, results to be interpreted with caution

Although there are no statistically significant differences over time, there has been a decrease in the proportion of stakeholders involved in most FMA activities who rated their dealings with the FMA as very good or excellent.

This is particularly evident among stakeholders involved in policy or regulatory consultation (12 percentage point decline from 2021), collection of regulatory data (-14 percentage points), and enquiries (-17 percentage points).

Raising issues with the FMA

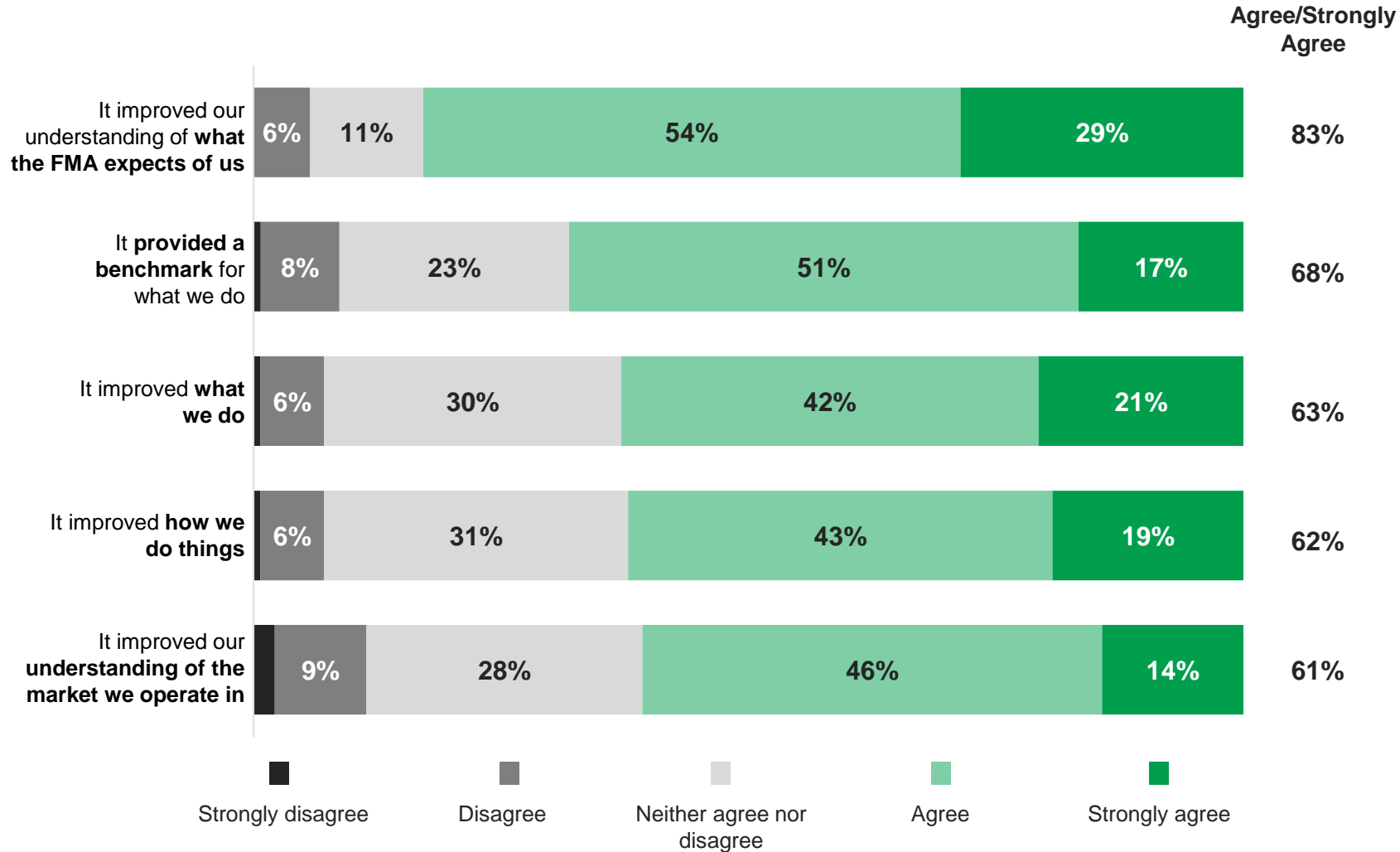


Just over three-quarters of stakeholders (76%) rated their comfort in raising issues with the FMA as a 4 or 5 out of 5, while a further 16% were neutral and 8% gave a low rating of 1 or 2.

Those stakeholders who rated their dealings with the FMA as very good or excellent were significantly more likely to feel comfortable raising issues with the FMA (93% rated 4/5, vs. 76% overall), while those who gave a less favourable rating of their dealings with the FMA were significantly less likely to feel comfortable (60% among those who rated their dealings as good, fair or poor).

** Question changed to a 5 point scale in 2022 and 'don't know' option removed – results not comparable to 2021*

Outcomes for organisations

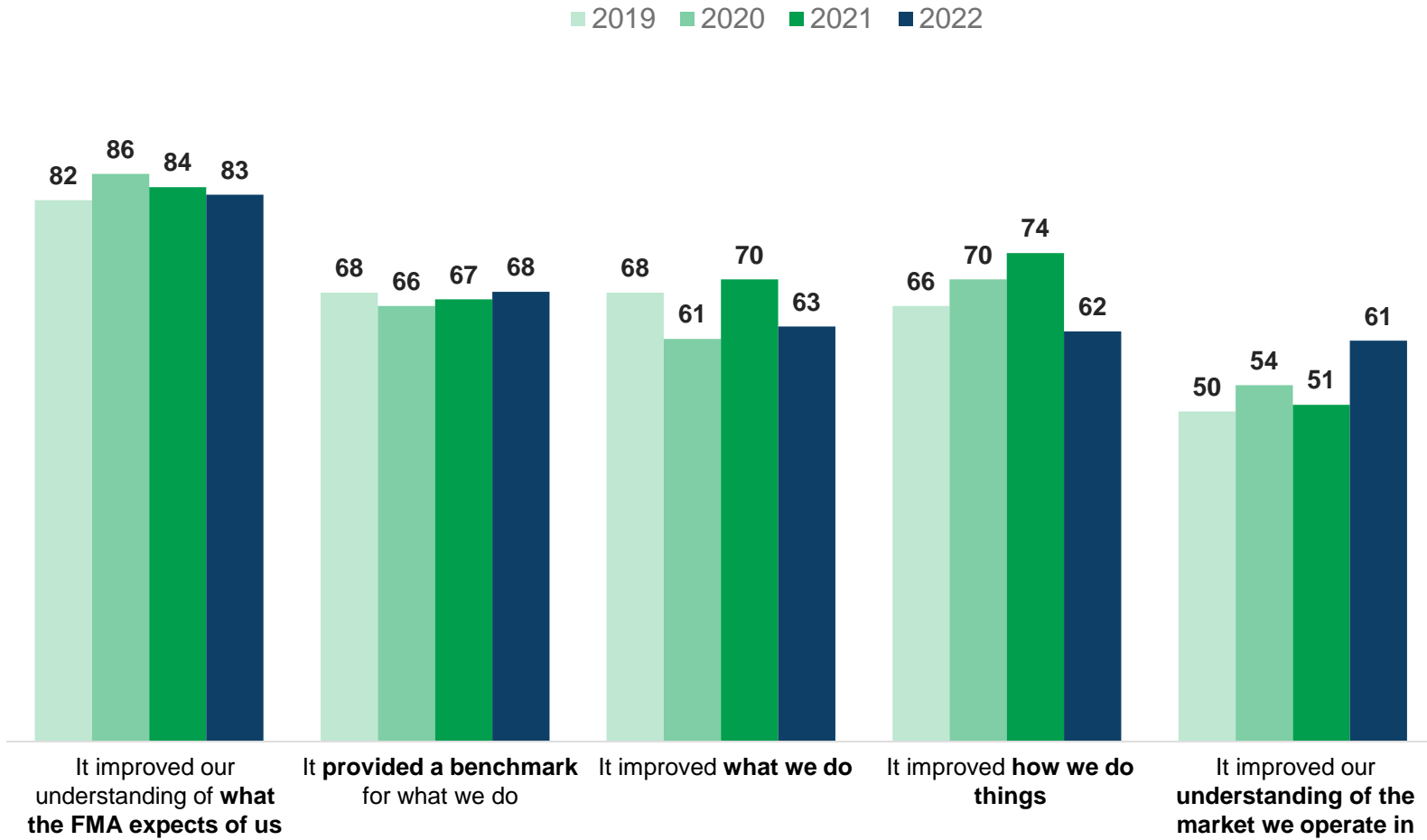


More than 8 in 10 stakeholders (83%) agree or strongly agree that their involvement with the FMA improved their understanding of what the FMA expects of them, and almost 7 in 10 (68%) say it has provided a benchmark for what they do.

Around 6 in 10 agree or strongly agree that their dealings with the FMA improved what they do (63%), improved how they do things (62%), and improved their understanding of the market they operate in (61%).

Outcomes for organisations - over time

(% agree / strongly agree)



The proportion of stakeholders who agree or strongly agree that their dealings with the FMA improved their understanding of what the FMA expects of them is consistent with 2021 results (83% in 2022 compared to 84% in 2021), as is the proportion who say it provided a benchmark for what they do (68%, vs. 67% in 2021).

There were slight but not statistically significant decreases in agreement that stakeholders' interactions with the FMA improved what they do (63%, vs. 70% in 2021), and improved how they do things (62%, vs. 74% in 2021), while slightly more than in 2021 agree that their dealings with the FMA improved their understanding of the market they operate in (61%, vs. 51% in 2020) although this does not represent a significant increase.

Ways FMA could improve outcomes for organisations

IMPROVE COMMUNICATION

“*“Acknowledge communication and respond meaningfully”*

“*Reply to questions quicker”*

“*Tailored email communications*”

“*Be more responsive when we reach out*”

“*Provide open communication and helpful advice*”

“*Be available on the phone, more not just via email*”

GREATER SUPPORT

“*“It would be great to have a relationship manager”*

“*Train all contact center staff to have confidence and be subject matter experts*”

“*High level of staff turnover at the FMA. This leads to lack of continuity and knowledge – support these people*”

FMA stakeholders were asked to provide open-ended feedback with their views on how the FMA could improve outcomes for their organisation.

The most common areas for improvement mentioned included:

- **Improving communication:** more responsiveness, open to communication and more personalised or tailored communications
- **Greater support:** more knowledgeable staff and having a dedicated contact person or relationship manager
- **Compliance standards:** reducing regulatory or compliance burdens, being cognisant of regulatory changes and workloads
- **More guidance:** providing more structured guidance with clear expectations of organisations

COMPLIANCE STANDARDS

“*“Not put so much compliance burden on us when we have struggled through two years”*

“*Reduce the burden or regulation. Our core client activities and operations suffer*”

“*Be mindful of the amount of regulatory change and the regulatory burden it imposes on firms*”

MORE GUIDANCE

“*“More guidance centered towards specific things rather than lots of bits of information”*

“*More robust, structured and guidance on expectations*”

“*Offer more guidance/ informal engagement for us*”

“*More guidance – more informal engagement*”

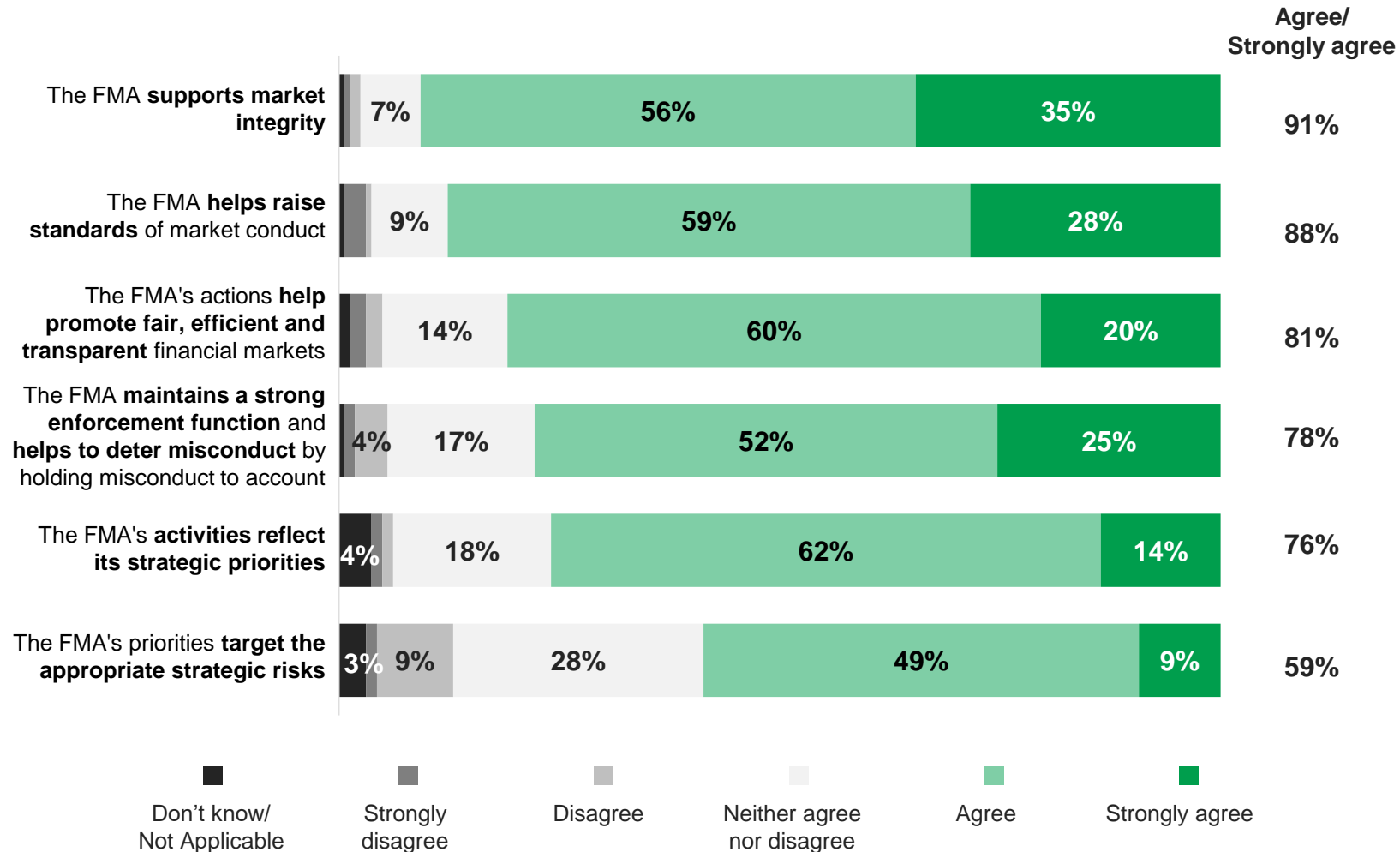
“*Where FMA issues guidance be very clear what the problem is that FMA is trying to resolve*”



SECTION 6

Perceptions of the FMA

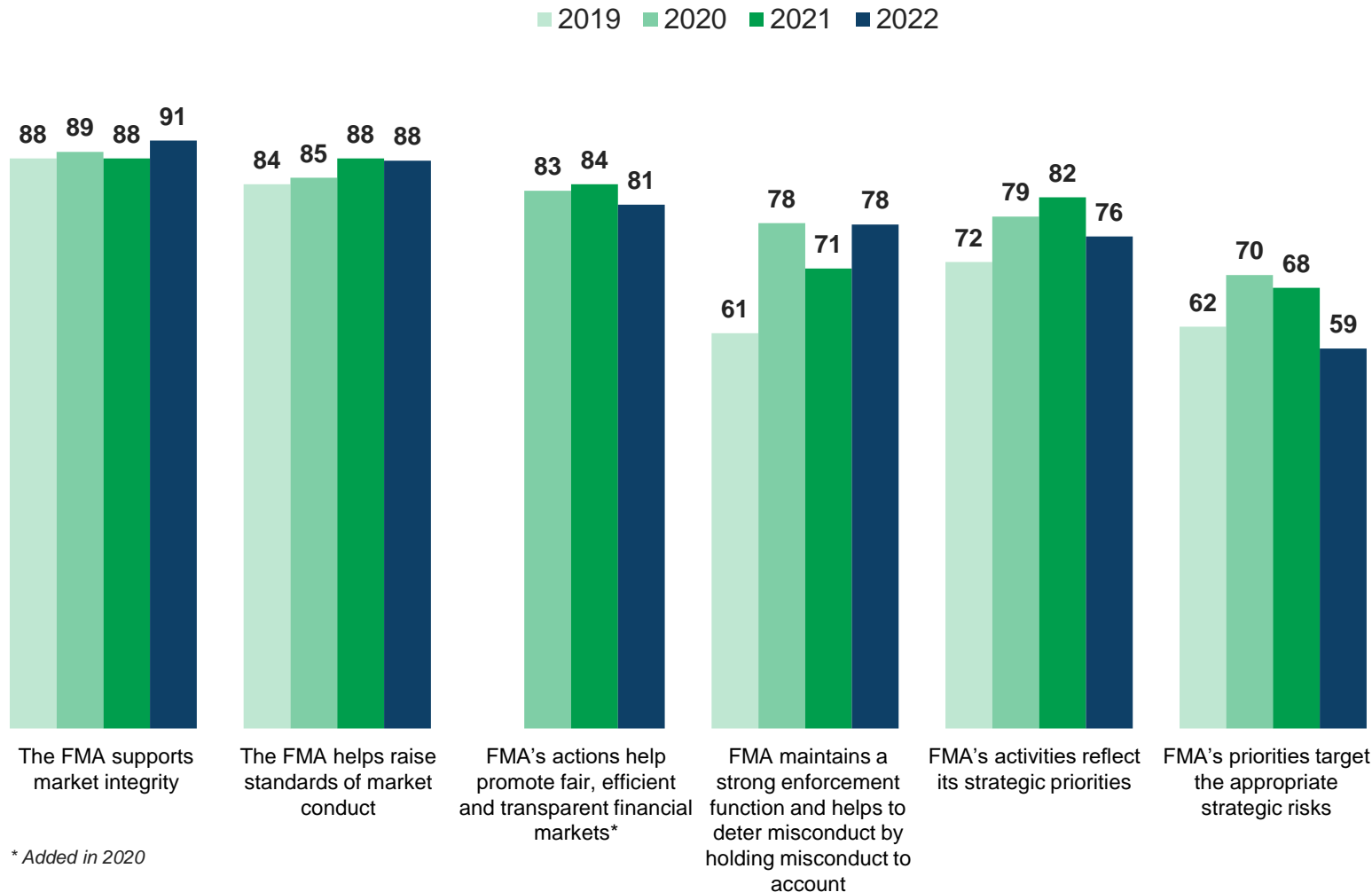
Perceptions of FMA and its effectiveness



Stakeholders' perceptions of the FMA are mostly positive, with 91% of stakeholders either saying they agree or strongly agree that the FMA supports market integrity, while 88% agree that the FMA helps raise standards of market conduct and 81% that the FMA's actions help to promote fair, efficient and transparent financial markets (81%).

Agreement is lowest that the FMA's priorities target the appropriate strategic risks with just under 6 in 10 stakeholders (59%) who either agree or strongly agree.

Perceptions of FMA and its effectiveness – over time (% agree/strongly agree)



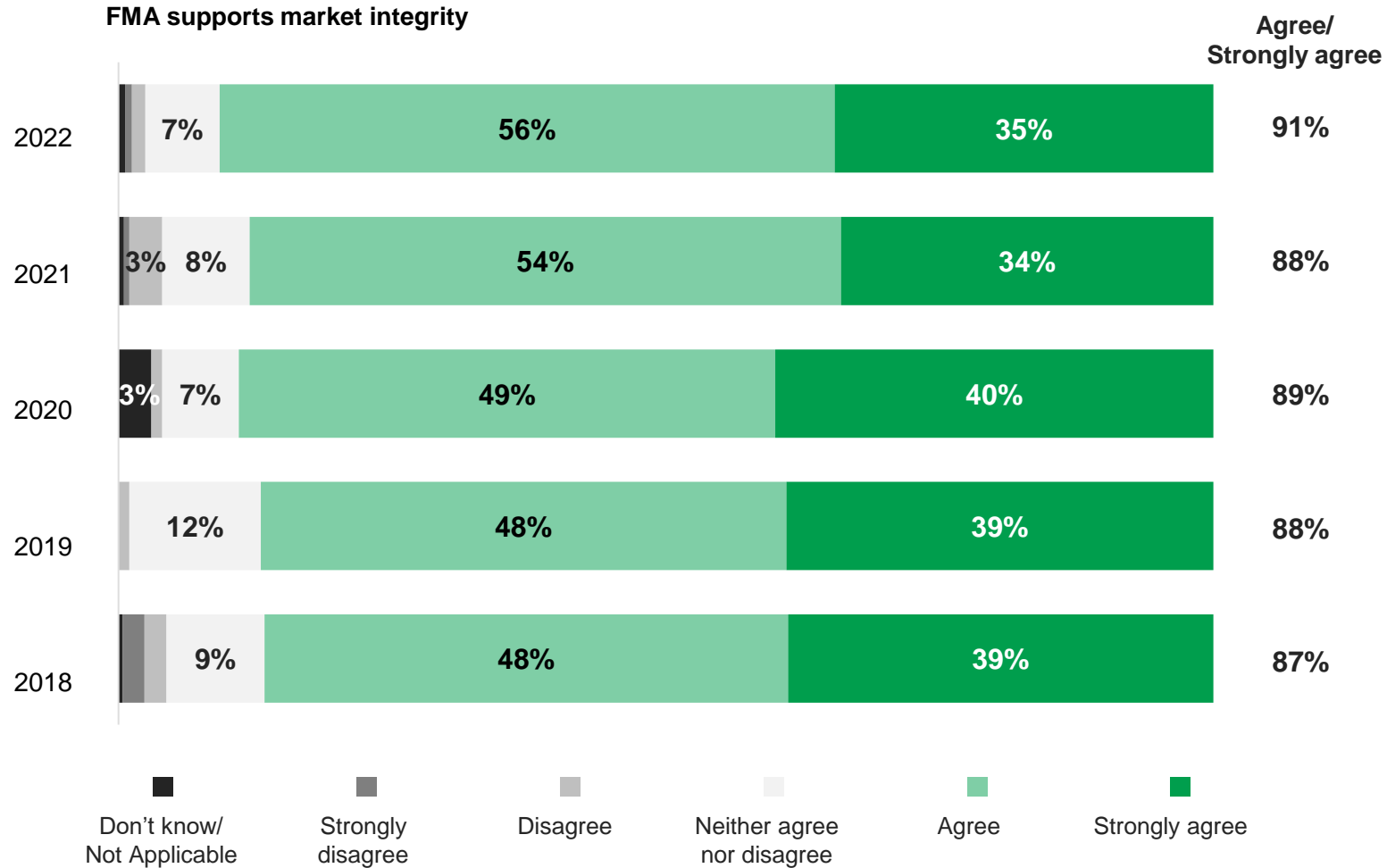
* Added in 2020

Stakeholders' perceptions of the FMA and its effectiveness have remained fairly consistent over time with no statistically significant differences compared to 2021.

About 9 in 10 stakeholders say they agree or strongly agree that the FMA supports market integrity (91%) and helps raise standards of market conduct (88%), while around 8 in 10 agree that the FMA helps to promote fair, efficient and transparent financial markets (81%), and helps to maintain strong enforcement and deter misconduct (78%).

The proportion of stakeholders who agree that the FMA's priorities target the appropriate strategic risks has decreased (59%, vs. 68% in 2021), although this is not a statistically significant decline.

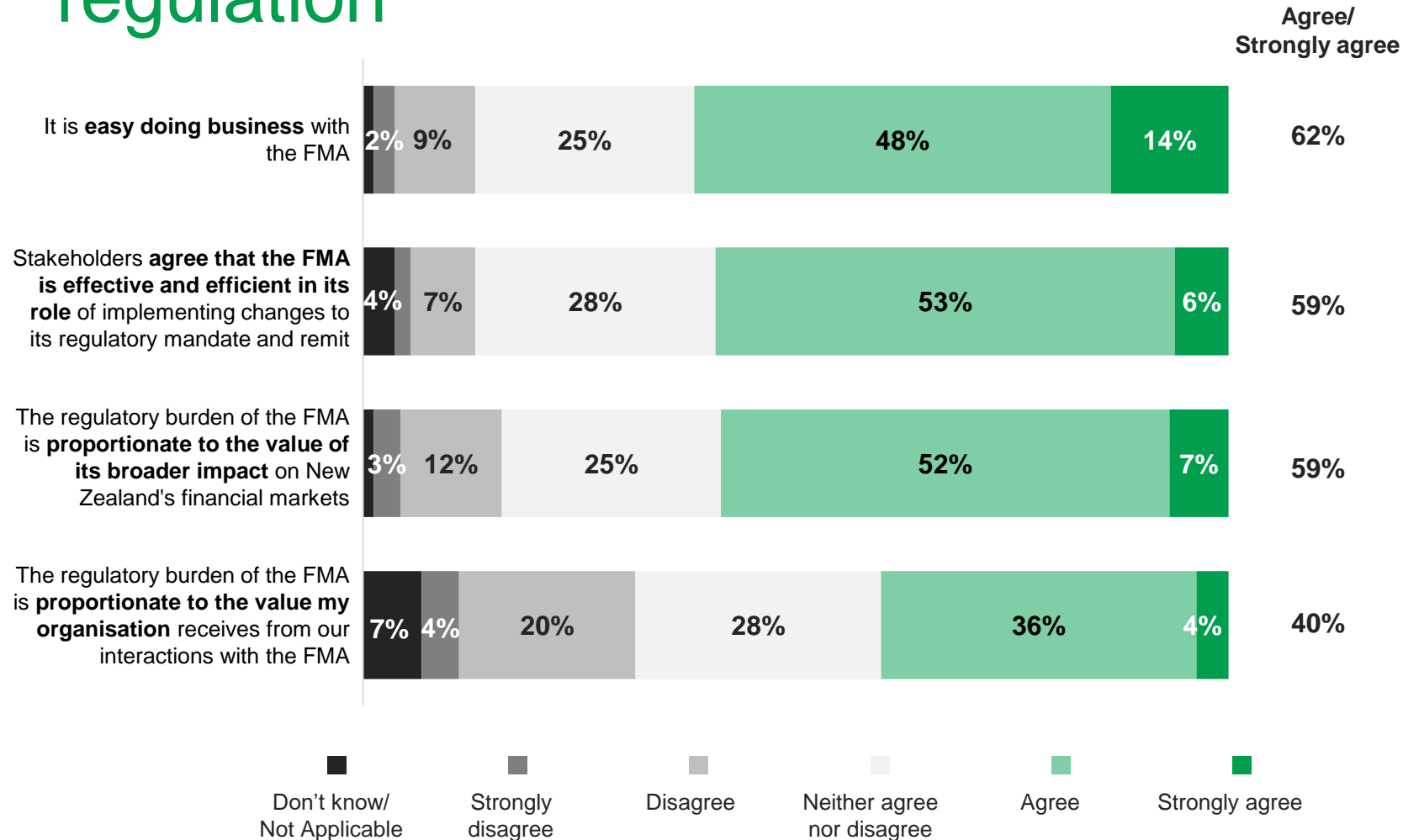
FMA supports market integrity – over time



The proportion of stakeholders who agree or strongly agree that the FMA supports market integrity remains consistent with previous years (91%, vs. 88% in 2021).

There are no statistically significant differences compared to 2021.

The FMA's efficiency and impact of regulation

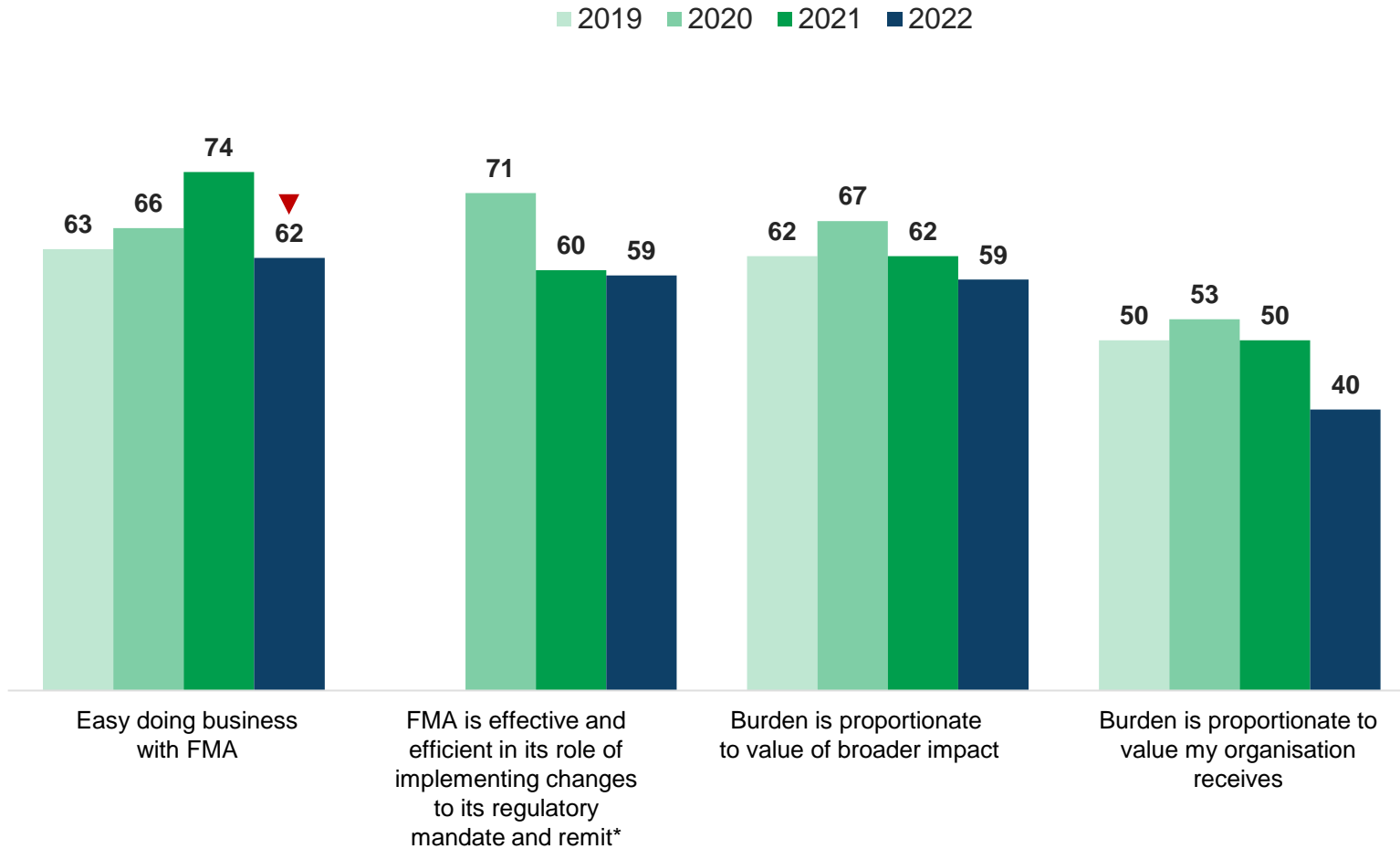


About six in 10 stakeholders agree or strongly agree that it is easy to do business with the FMA (62%), that the FMA is effective and efficient in its role of implementing changes to its regulatory mandate and remit (59%), and that the regulatory burden of the FMA is proportionate to the value of its broader impact (59%).

Only 4 in 10 feel that the regulatory burden is proportionate to the value their organisation receives from their interactions with the FMA.

C9. The following statements relate to the FMA's efficiency and the impact of regulation. The regulatory 'burden' of the FMA on your organisation comes from two things. The 'burden' inherent in the law which the FMA must enforce and with which you must comply. There are also potential 'burdens' arising from something we have chosen to do (using discretion); or from the relative efficiency in the way we have delivered our mandate.
 Base: All stakeholders (n=162)

The FMA's efficiency and the impact of regulation – over time (% agree/strongly agree)



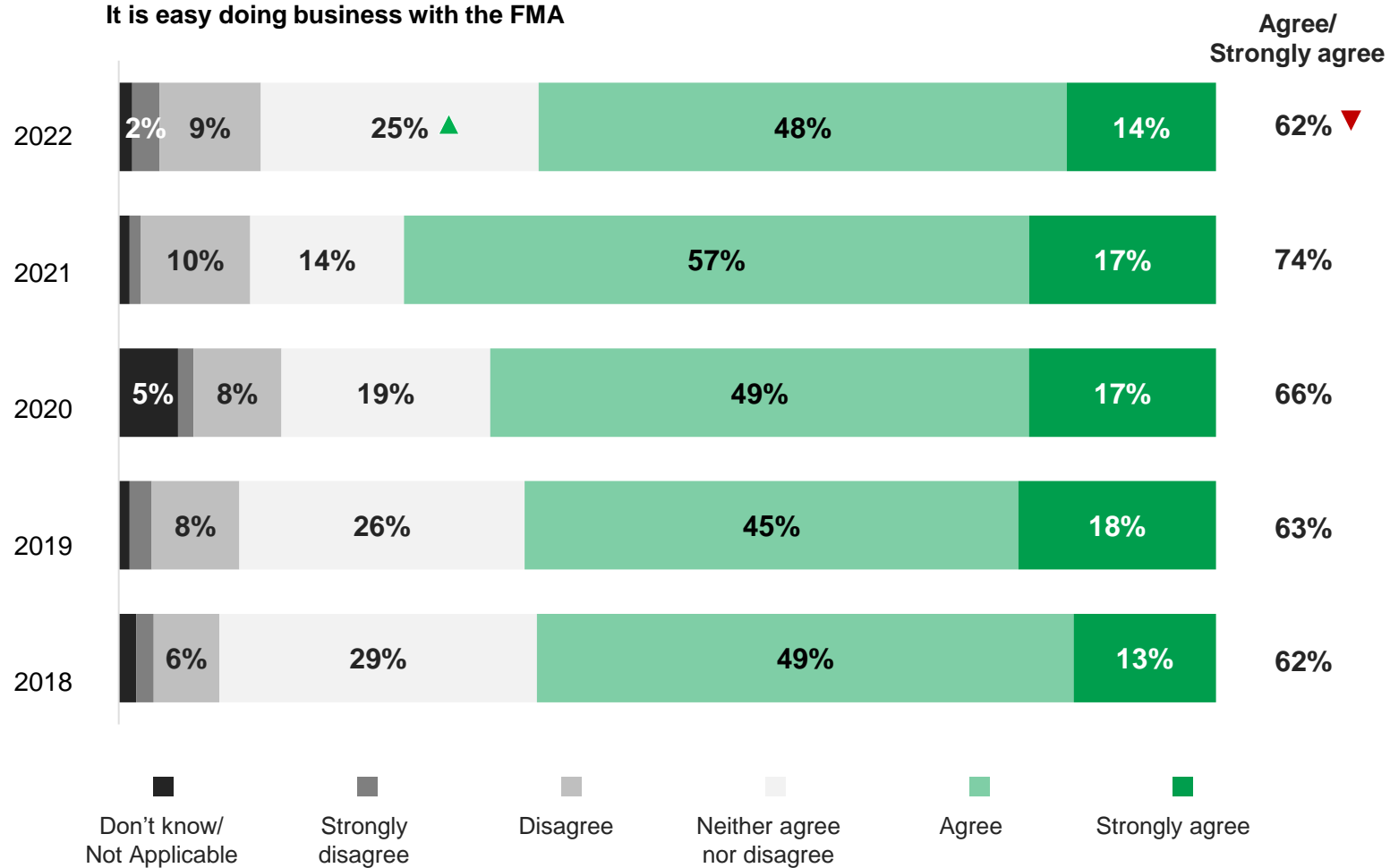
* Added in 2020

Stakeholder perceptions of the FMA's efficiency and the impact of regulation have decreased across multiple aspects.

The proportion of stakeholders who say they agree or strongly agree that it is easy doing business with the FMA has significantly decreased (62%, vs. 74% in 2021).

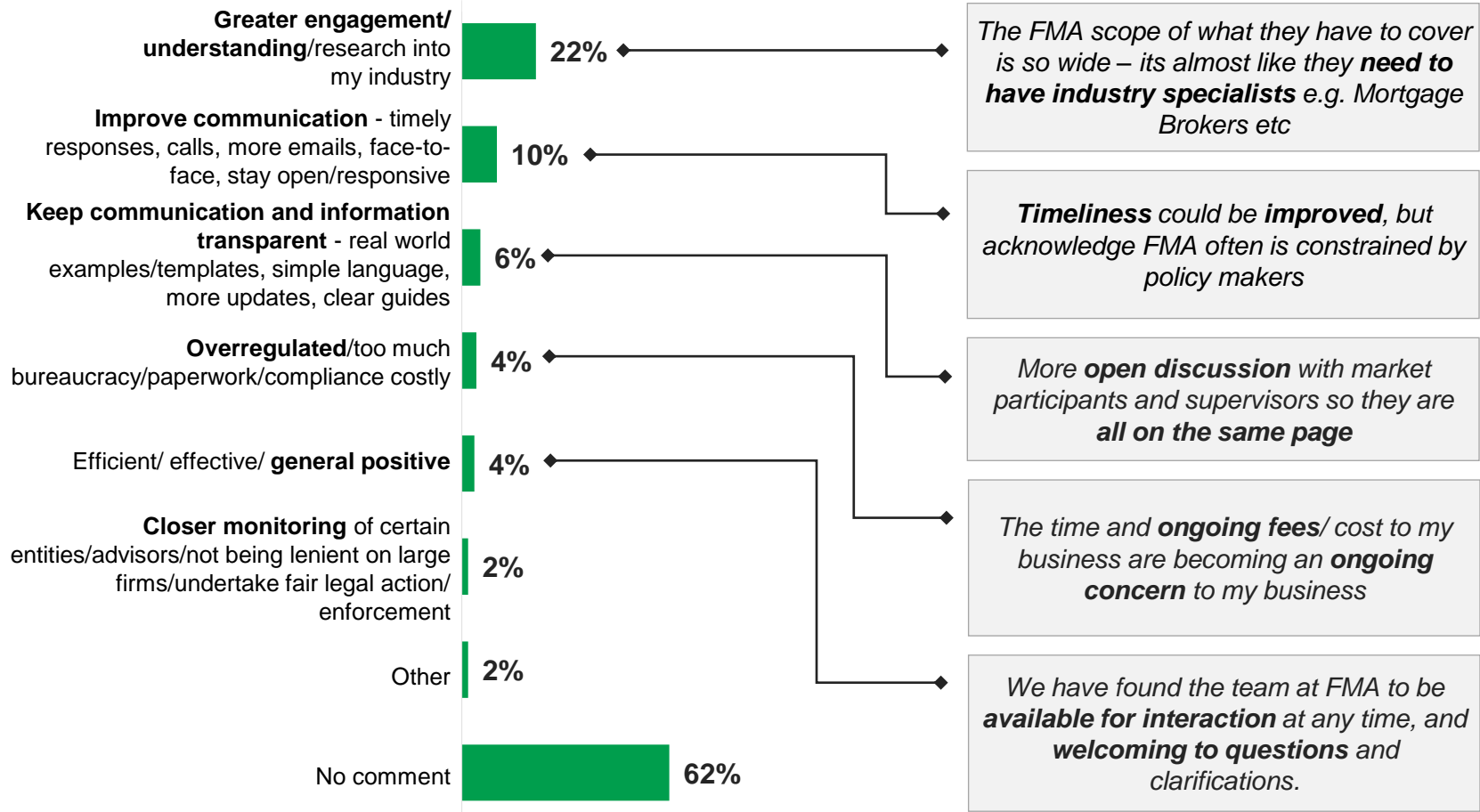
Agreement that the regulatory burden is proportionate to the value of its broader impact has also decreased, although not significantly so (59%, vs. 62% in 2021), as has agreement that the regulatory burden is proportionate to the value their organisation receives from interactions with the FMA (40%, vs. 50% in 2021).

Ease of doing business – over time



In 2022, there has been a significant decrease in the proportion of stakeholders who agree or strongly agree that it is easy doing business with the FMA (62%, compared to 74% in 2021), while the proportion who have a neutral opinion has significantly increased (25%, vs. 14%). Positively, the proportion who gave a negative rating (disagree or strongly agree) is unchanged at 11%.

Ways to improve FMA's efficiency / effectiveness



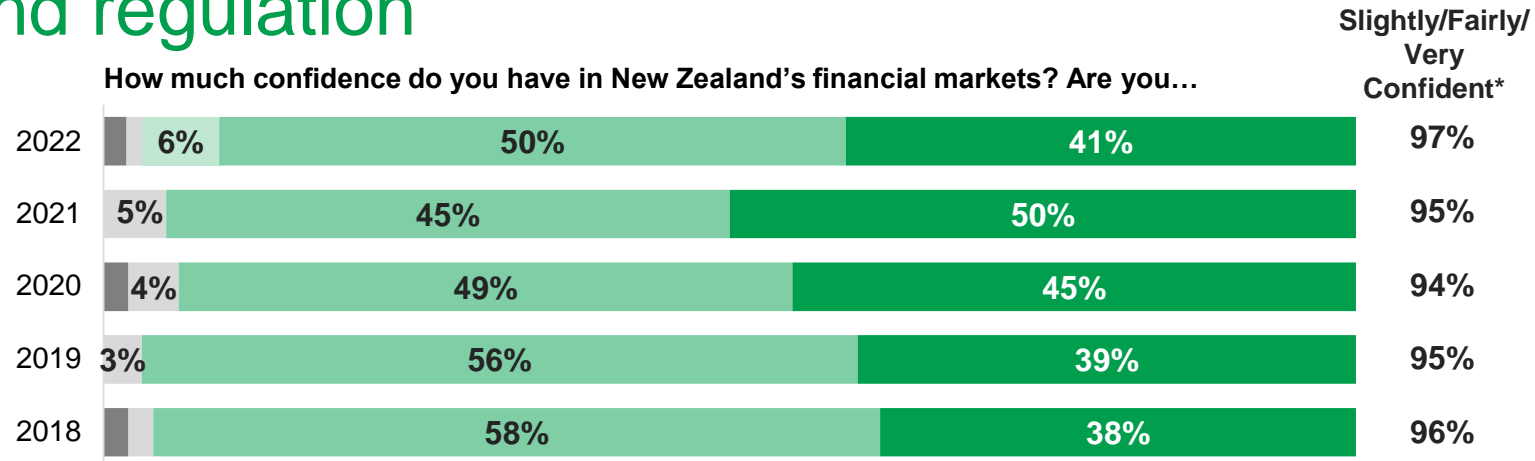
Stakeholders were asked to provide open-ended feedback on ways that the FMA could improve its efficiency and/or effectiveness. The most common improvements mentioned included more engagement and understanding of their industry (22%), more timely and responsive communication (10%), and being open and transparent in communications (6%).

A woman with long dark hair, wearing a teal sleeveless top, is looking down at a tablet computer she is holding. She is in a bright, modern office or cafe with large windows in the background. Other people are visible in the background, but they are out of focus. The overall atmosphere is professional and focused.

SECTION 7

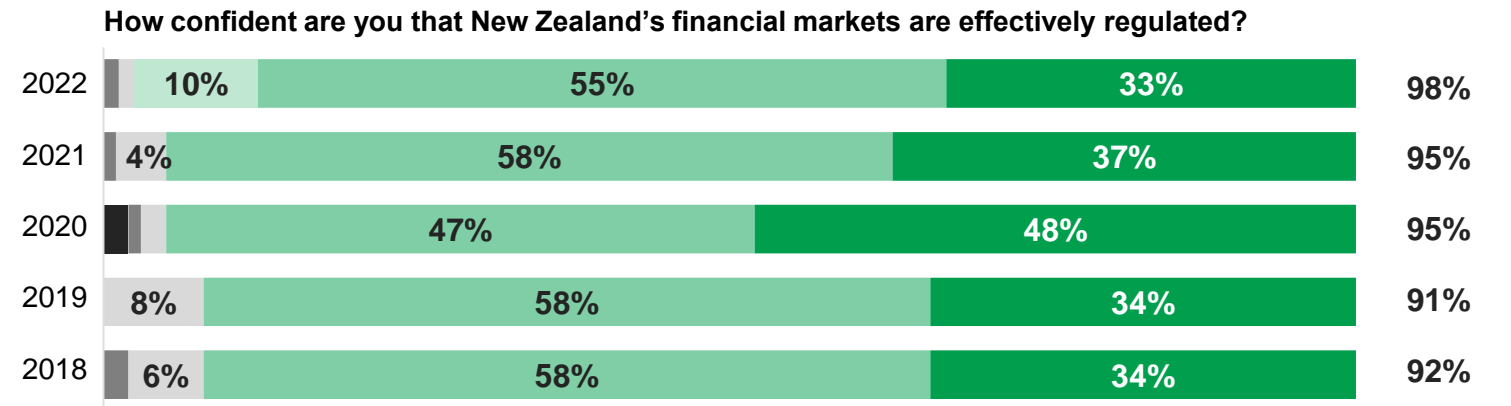
Confidence in financial markets

Stakeholder confidence in financial markets and regulation



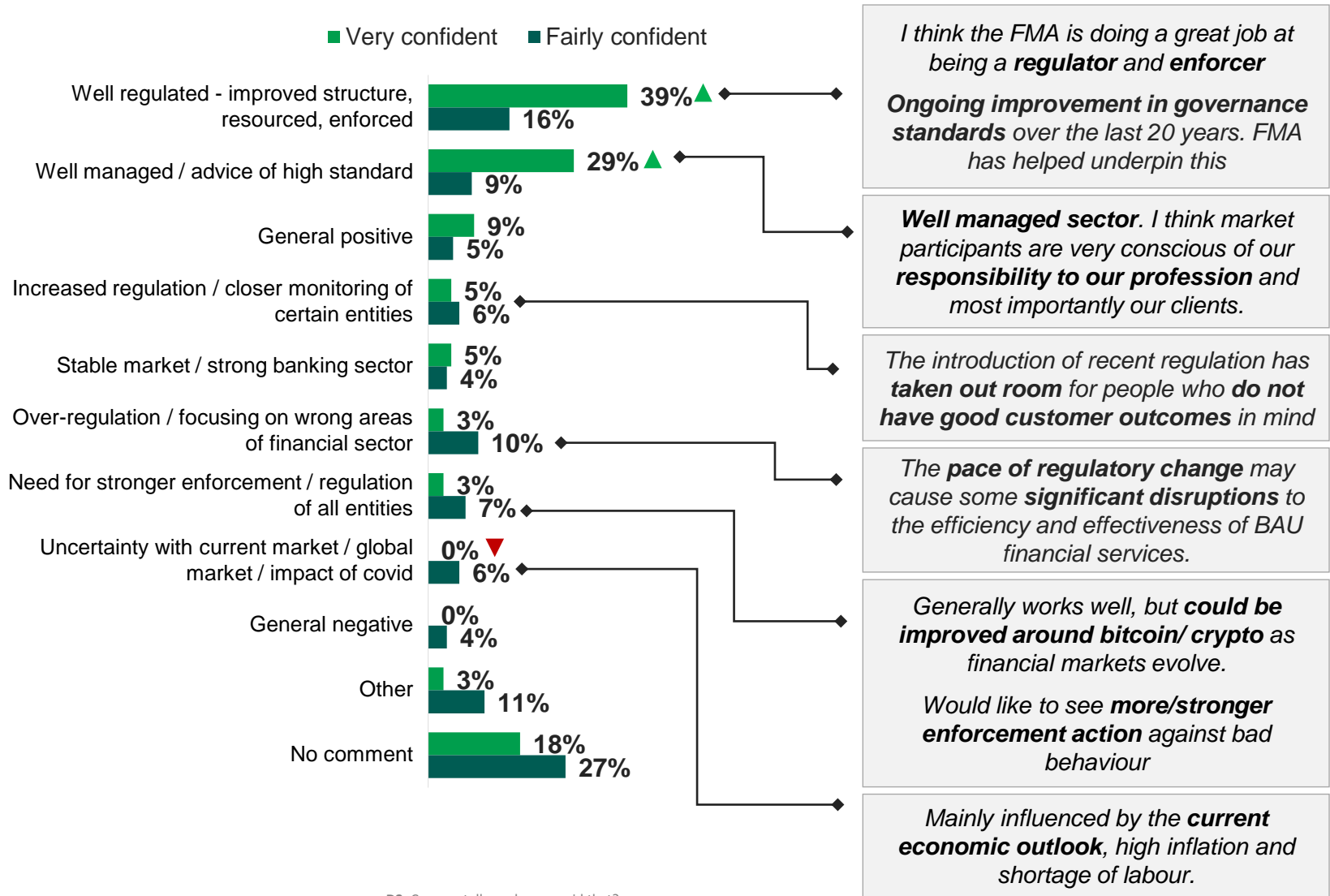
Stakeholder confidence in New Zealand's financial markets remains very high and consistent with prior years, with 97% of stakeholders saying they are slightly, fairly or very confident.

Similarly, the majority of stakeholders say they are slightly, fairly or very confident that New Zealand's financial markets are effectively regulated (98%), and this is consistent with results from previous years.



* Question changed to a 5 point scale in 2022 (added 'Slightly confident') – overall confidence has been reported based on top 3 box scores (Slightly/fairly/very confident) to allow comparison over time

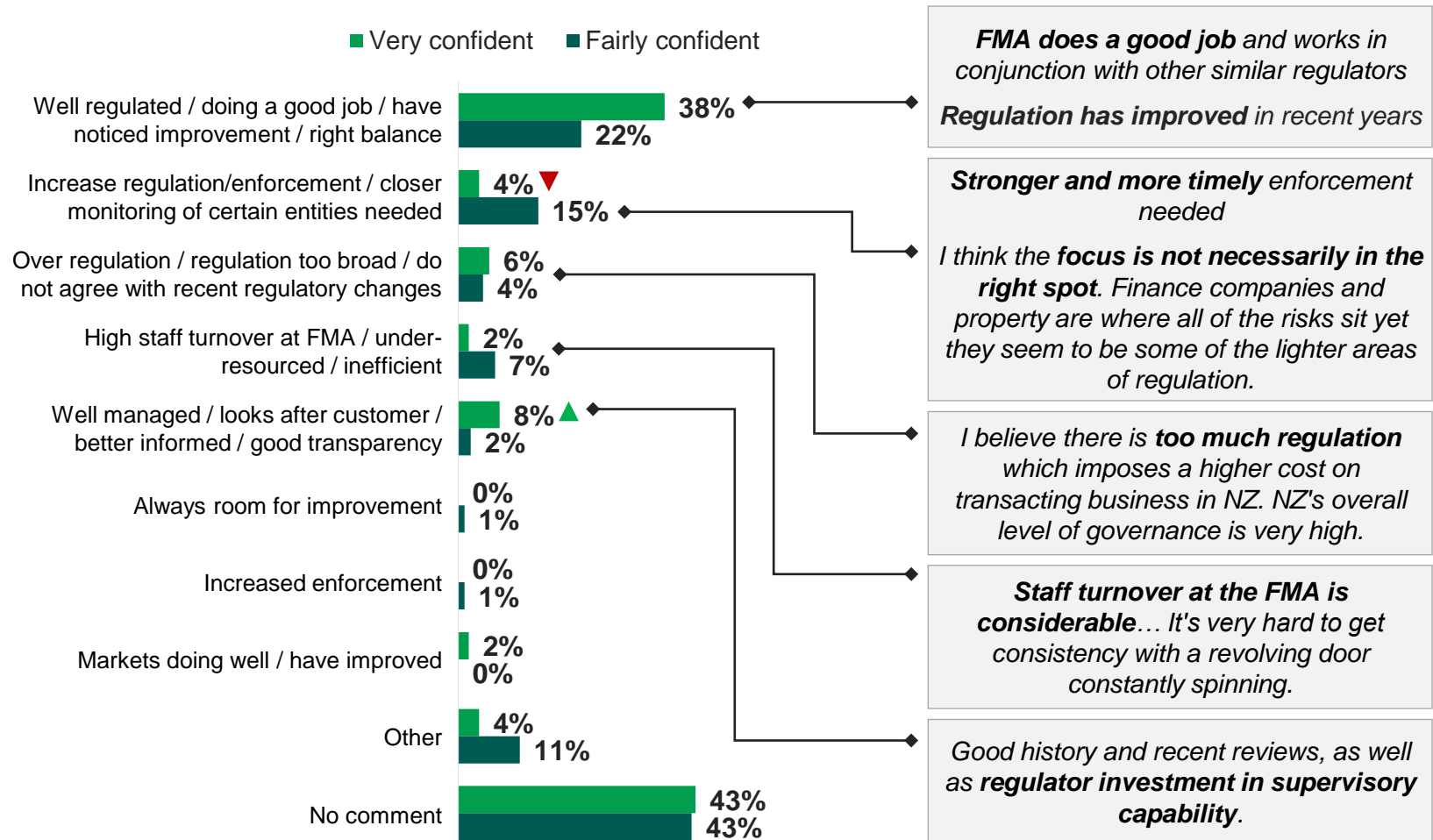
Reasons for confidence level



Stakeholders who were very confident in New Zealand’s financial markets attributed this to the well regulated and well managed nature of the markets, noting improvements in regulatory standards and behaviour of market participants.

Those who were fairly confident were significantly more likely to mention uncertainty with the current market conditions and outlook. Although not a statistically significant difference, results indicate that this group also feels less positive about regulation, as they were slightly more likely to have the view that NZ financial markets are over-regulated (10% vs. 3% of those who felt very confident), or that regulatory burdens are not distributed fairly across the financial sector (7% vs. 3%).

Reasons for confidence in regulation

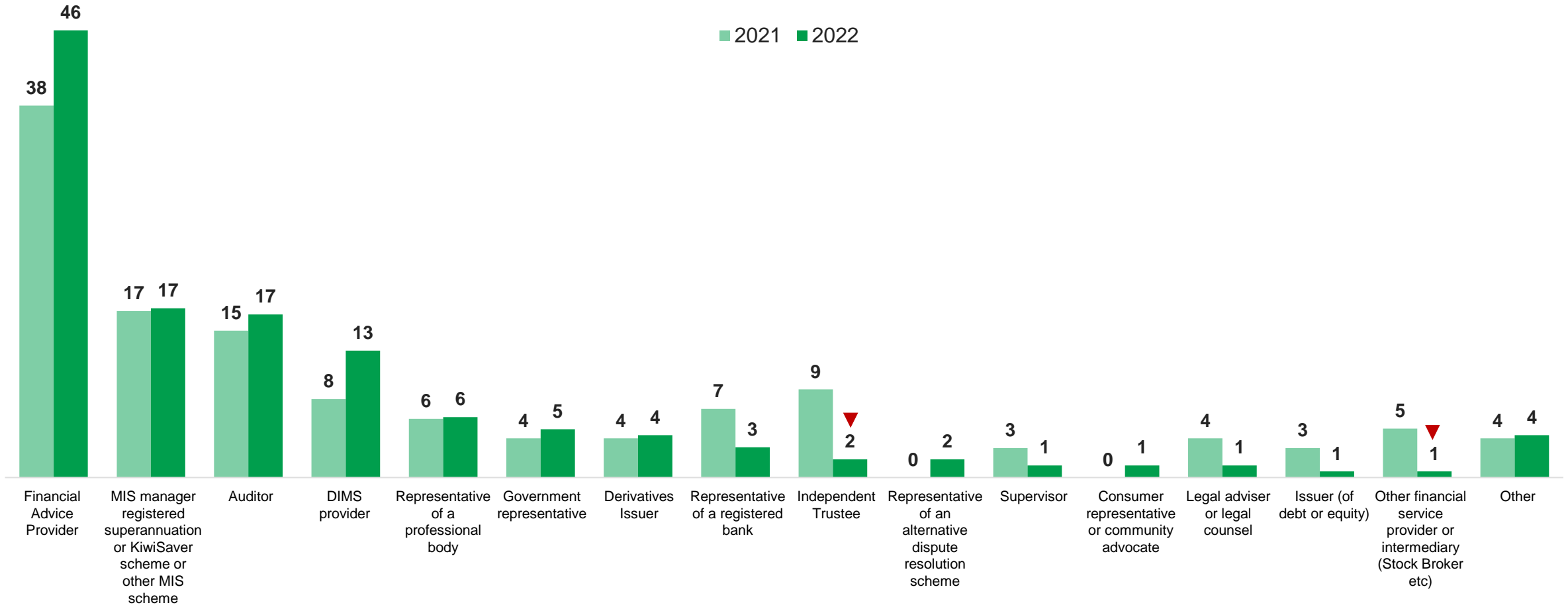


Stakeholders who were very confident in the effective regulation of New Zealand financial markets primarily attributed this to the FMA performing well or having made improvements in its regulatory and supervisory role (38%).

Those who were fairly confident were significantly more likely to state that, in their view, the FMA needs to increase regulation or enforcement of certain entities within the financial sector (15%, vs. 4% of those who were very confident), and slightly more likely to reference high staff turnover or resourcing issues within the FMA (7% vs. 2%).

Appendix

Stakeholder roles (%)



fiftyfive5

 **FMA**
FINANCIAL MARKETS AUTHORITY
TE MANA TĀTAI HOKOHOKO