

BUSINESS

Page 264
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Economy of the European Union

Marketing is defined as the process of creating and building a unique name or design for a brand product. Having a good brand strategy allows you to have a major advantage in gaining a large market share. Your brand is your customer's value that can have an impact from the product and services you offer.

Are you innovative or do you offer the experienced level of do you offer a high-end, high-quality product, or a low-end, high-value product? It's impossible to be both. You should consider on thinking what your customers need you to be. Your logo is the main foundation of your brand. All the promotional material should be connected with your logo to

Ease of doing business

Stakeholder research July 2020

World Bank's stock at all-time high

It is a process to allow an organization to focus resources on the greatest opportunities to increase sales and achieve the company's target.

Marketing strategy's goal is to increase sales and achieve advantage over other competitors. It includes short-term and long-term activities of marketing that has to do with the analysis of a company's situation and contribute to its objectives. The strategies will be based on how your gain sales by creating and keeping customers. A marketing strategy helps in making good decisions with the right level of marketing approaches to increase to have a good outcome of your sales and marketing activities.

Putting your strategy into action is how your marketing plan should work. Marketing budgets will be set at the same time as will your sales and marketing goals. Going to work with your targets, it involves choosing marketing, advertising, and training the perfect timing with your activities so to meet customers buying cycles. It will help your company to be competitive. It should have the marketing plan with activities to meet the sales and marketing goals.

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US rate rise chances recede as jobs growth slows



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Background

The FMA commissioned Buzz Channel to conduct research among key stakeholders to understand the effectiveness of interactions FMA has with stakeholders and satisfaction with the service it provides.

Fieldwork was carried out between 6th and 28th July 2020.

This is the fifth year the FMA has conducted this stakeholder research, and the third year Buzz Channel has been involved.

This research helps the FMA to better understand its stakeholders and enables the FMA to focus on continuous improvement in its efficiency and effectiveness.

The results of this research will also be used in statutory reporting required in the FMA's role as a crown agency.

Prior to the fieldwork being conducted, FMA sent out an introductory email introducing the research to stakeholders. In addition, during the fieldwork period two reminder emails were sent to those who had not yet completed the survey.

A total of n=550 stakeholders received an invitation to participate and n=98 completed the survey, an 18% completion rate.

The margin of error for the sample is +/- 9.9% (at the 95% confidence level).

PERCEPTIONS OF THE FMA

Perceptions of FMA and its effectiveness

- This year:
 - 89% agree that the FMA supports market integrity;
 - 85% agree that the FMA helps raise standards of market conduct;
 - 83% of stakeholders agree that the FMA's actions help promote fair, efficient and transparent financial markets. This is the first year this has been asked.
 - 79% agree that the FMA's activities reflect its strategic priorities;
 - 70% agree that the FMA's priorities target the appropriate strategic risks;
 - 78% agree that the FMA maintains a strong enforcement function and helps to deter misconduct by holding it to account. This is a significant increase from 61% stakeholder agreement in 2019;

Awareness and Readership of FMA's Strategic Risk Outlook Document

- Three quarters of stakeholders (74%) mentioned they were aware of the FMA's Strategic Risk Outlook document, and the majority of those who are aware indicated they have read it (82%, equating to 61% of all stakeholders having read the document).
- Awareness is higher among those who have face-to-face dealings with the FMA (90% aware).

Summary

The FMA's efficiency and the impact of regulation

- Two thirds of stakeholders agree that it's easy doing business with FMA (66%). This has remained steady since 2017.
- Stakeholder agreement that the regulatory burden is proportionate to the value of the broader impact on the financial markets (67%) and to the value the organisation receives from interactions with FMA (53%) has been steadily increasing over the last few years and is significantly higher than in 2017.

Stakeholder confidence in financial markets and regulation

- Almost all stakeholders surveyed indicated they are fairly or very confident in New Zealand's financial markets (94%) and that they are being effectively regulated (95%).
- The proportion of stakeholders indicating they are 'very confident' that the financial markets are effectively regulated is significantly higher in 2020 (48% compared with 34% in 2019).
- Similar to the last two years, the top reason stakeholders are confident in the financial markets is feeling they are well regulated. Next most mentioned as a reason for confidence in the markets is good transparency (11%).
- The small number with low confidence (n=5) mentioned uncertainty with current market and impact of COVID-19, a lack of faith generally, and/or the NZ market being too small.
- Reasons stakeholders gave for feeling confident in the financial markets being effectively regulated relate to the markets being well-regulated. Some stakeholders mentioned FMA and/or RBNZ specifically as reasons for feeling confident in regulation.

COMMUNICATION WITH THE FMA

Frequency of contact and channels of communication

- The frequency of contact stakeholders are having with the FMA has remained stable over the last five years, with around two thirds of stakeholders (63%) having contact of some sort with the FMA once every six months or more often.
- Four in ten stakeholders deal with the FMA between once a month and once every six months, and nearly a quarter deal with the FMA more frequently than that (23%).
- Only a small proportion of stakeholders indicated they don't have any dealings with the FMA (4%).
- Among stakeholders who do have dealings with FMA, by far the most common channel of communication is email, with 88% of stakeholders who deal with the FMA communicating in this way and 68% saying it's the most common way.
- Face-to-face and telephone are the next most mentioned ways stakeholders communicate with the FMA, followed by through the website. In 2020 there is a significant rise in mention of the website as the most common way that stakeholders communicate with FMA.
- Stakeholders who have frequent dealings with the FMA (more than once a month) are more likely to mention face-to-face and telephone as the method they communicate with the FMA.

Quality of service received

- Over six in ten stakeholders (63%) rate the service they received on their most recent interaction with the FMA as very good or excellent. There have not been statistically significant movements on this rating since last year.
- Stakeholders rate FMA service highly for being good to work with, open and honest and listening to them, along with being clear, helpful and informative.
- Among the 16 stakeholders who rated service received lower, the main reasons given included slow response, receiving a negative experience, and/or not getting the help they needed.

Quality of engagement

- Fairly consistent with all five years of reporting, over half of stakeholders (53%) rate the engagement that FMA has with them as very good or excellent.
- The top reasons for stakeholders rating FMA's engagement with them highly relate to being professional and approachable and/or clear, open communication.
- Stakeholders who rated their engagement with FMA lower (11 stakeholders in total) mentioned poor follow up, lack of consistency, and/or limited opportunities for engagement.

Readership of market communications

- Of the market communication types asked about, the FMA Update email newsletter is the most well-read with 79% of stakeholders having read all or most of them, followed by media releases (71% have read all or most of them).
- After seeing an increase in readership of FMA communications in 2019, readership has levelled out, with no statistically significant movements in 2020.
- Consistent with 2019 results, the majority of stakeholders found the FMA-issued guidance they have read in the past year useful in helping them comply with the law and/or obligations (90%) and helping them to make improvements to their policies or processes (85%).

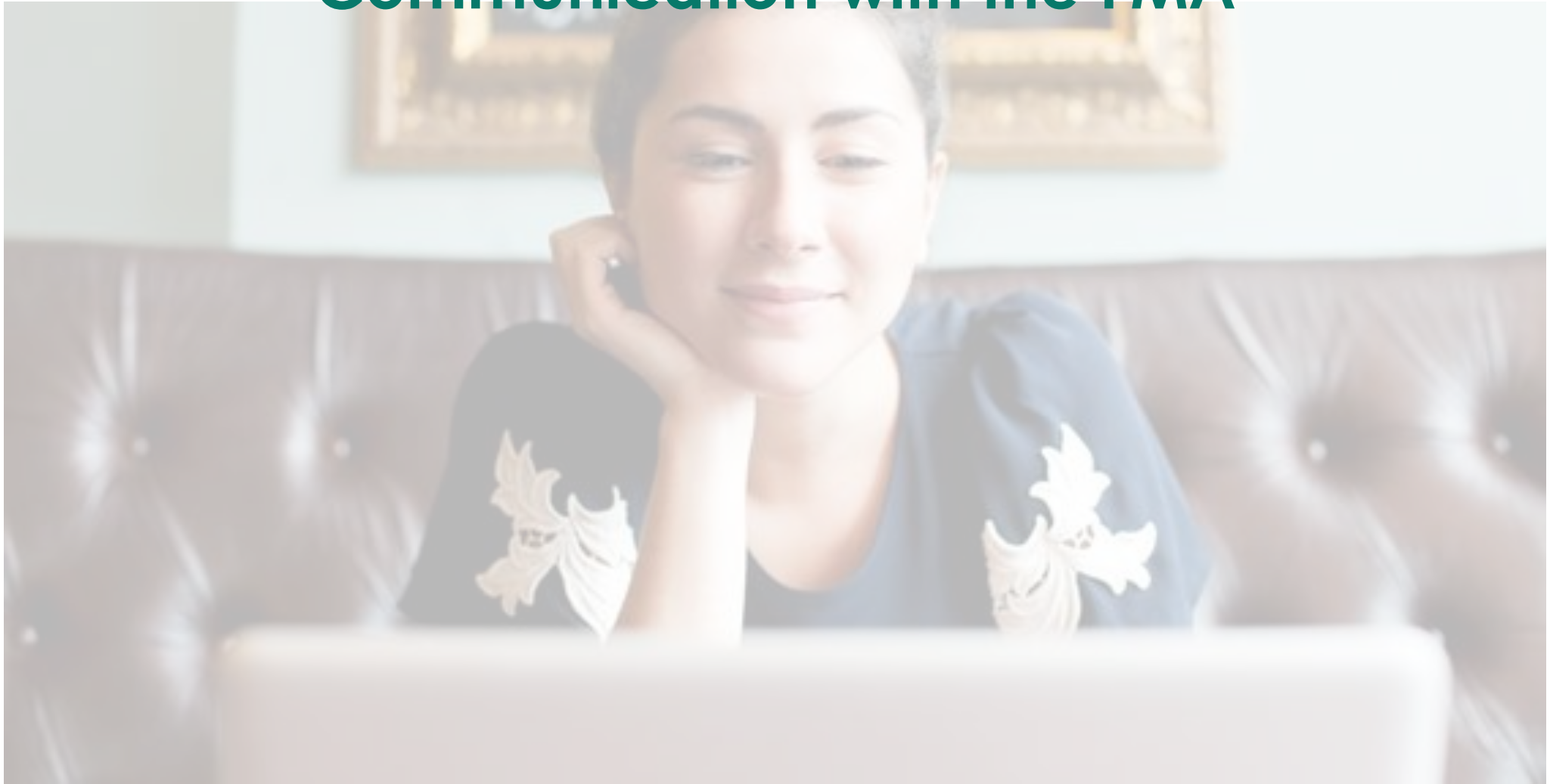
Effectiveness of market communications

- Stakeholders rate the effectiveness of FMA market communications highly overall with only a small proportion disagreeing with each statement.
- Stakeholder agreement that the FMA's communications help them to understand the FMA's approach to regulating the financial markets has continued an upward trend since 2018 with a significant increase in 2020 (96% compared to 87% in 2019).
- Compared with the 2019 results there has also been a significant increase in stakeholder agreement that the FMA communications are relevant to their sector (89% compared to 81% in 2019), and that communications are timely (86% compared to 75% in 2019).
- There is also a general upward trend over the last three years in stakeholder agreement that FMA communications help them understand FMA's expectations of their organisation and help them understand their obligations as a market participant.
- Similar to previous years only a small proportion of stakeholders offered suggestions of ways to improve FMA's communications. Among stakeholders who did offer a suggestion, as in 2019 the main suggestion given is clear and transparent communication using simple language.

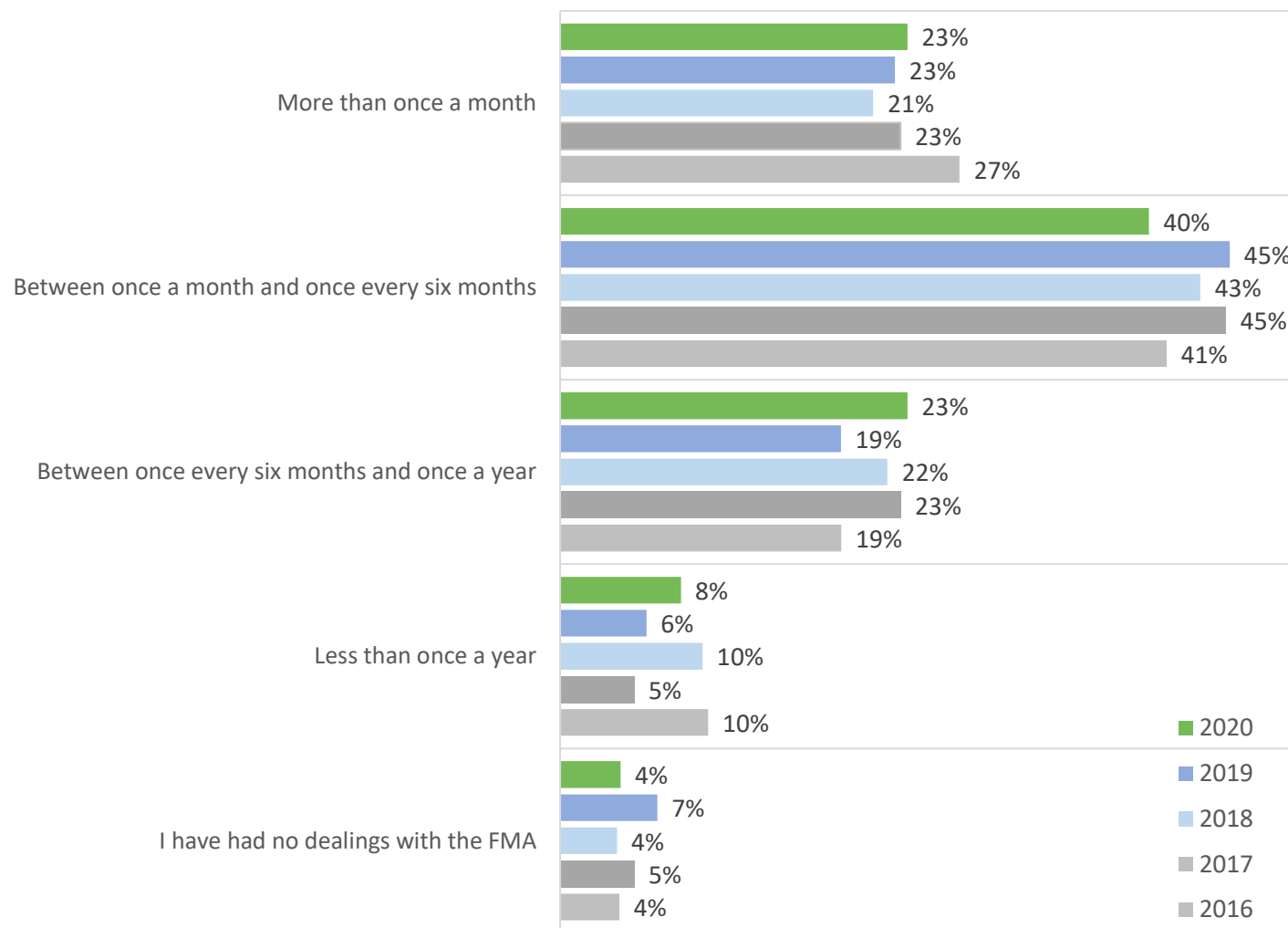
FMA ACTIVITIES AND INTERACTIONS

- In the last 12 months, the most common FMA activities that stakeholders have been involved in are licensing, collection of regulatory data, and enquiries.
- The proportion of stakeholders saying they are involved in licensing with the FMA had been decreasing steadily over the previous four years from just over half in 2016 (52%) to three in ten in 2019 but has increased back up to 50% in 2020.
- Involvement in collection of regulatory data is significantly higher in 2020 than previous years.
- Nearly six in ten stakeholders rated their dealings with the FMA over the last 12 months as very good or excellent (57%). There is no significant change in ratings from 2019.
- When looking at stakeholders who rated their dealings with the FMA as very good or excellent by activity, enquiries, policy discussions, and policy or regulatory consultation have the highest ratings.
- Involvement in FMA activities are most likely to result in stakeholders' improved understanding of what the FMA expects of them (86% agree), followed by improving how stakeholders do things (70% agree) and/or activities providing a benchmark for what they do (66% agree).
- Of all the outcomes asked about, stakeholders are least likely to agree that FMA activities improved their understanding of the market (54% agreement).
- Although the movements over time are not statistically significant, there is a general positive, upward trend for FMA activities improving understanding of what FMA expects and improving how stakeholder organisations do things.

Communication with the FMA



Frequency of stakeholder contact

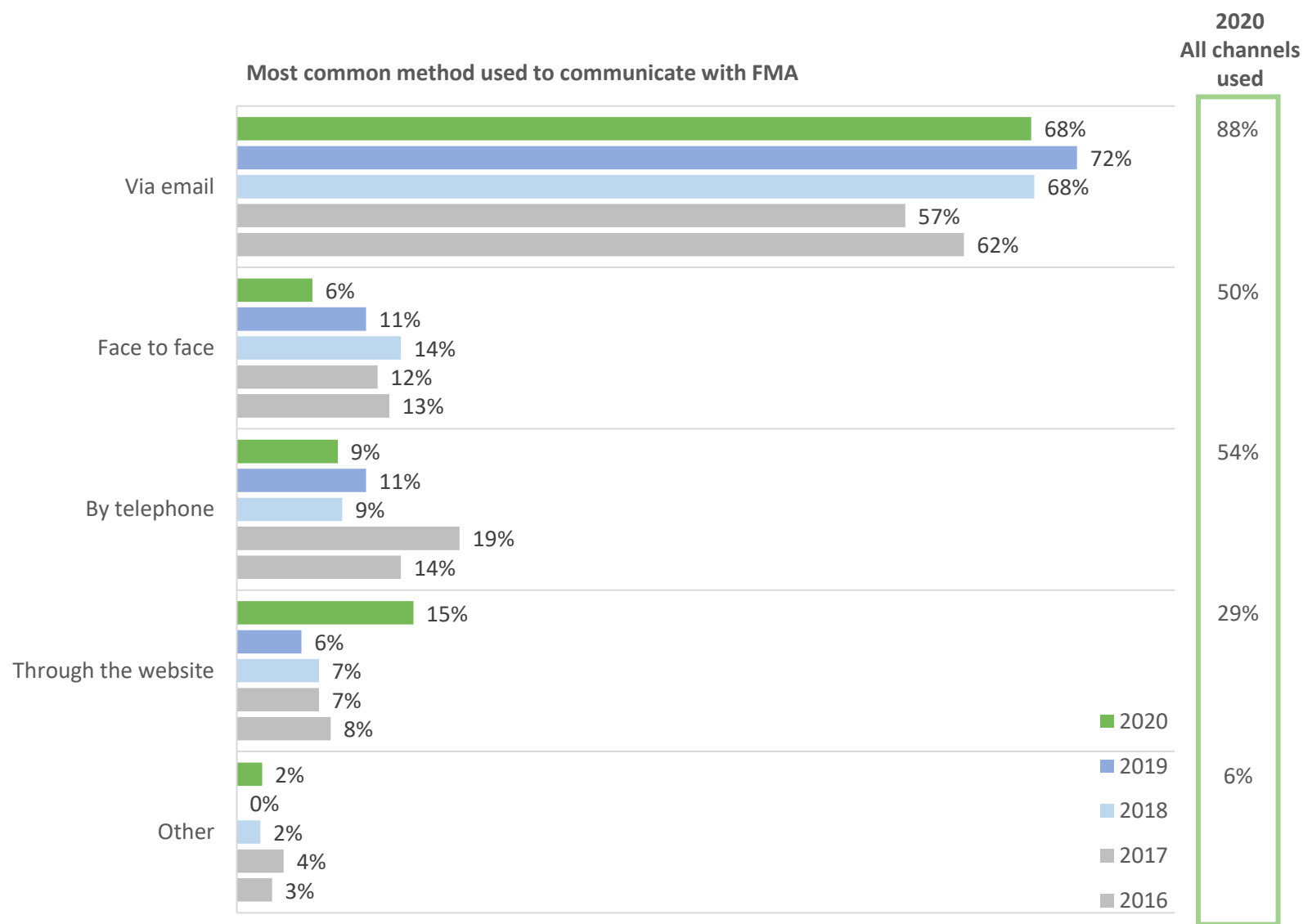


The frequency of contact stakeholders are having with the FMA has remained stable over the last five years, with around two thirds of stakeholders having contact of some sort with the FMA once every six months or more often (63%).

Four in ten stakeholders deal with the FMA between once a month and once every six months, and nearly a quarter deal with the FMA more frequently than that (23%).

Only a small proportion of stakeholders indicated they don't have any dealings with the FMA (4%).

Channels of communication



Among stakeholders who do have dealings with FMA, by far the most common channel of communication is email, with 88% of stakeholders who deal with the FMA communicating in this way and 68% saying it's the most common way.

Face-to-face and telephone are the next most mentioned ways stakeholders communicate with the FMA, followed by through the website.

In 2020 there is a significant rise in mention of the website as the most common way that stakeholders communicate with the FMA.

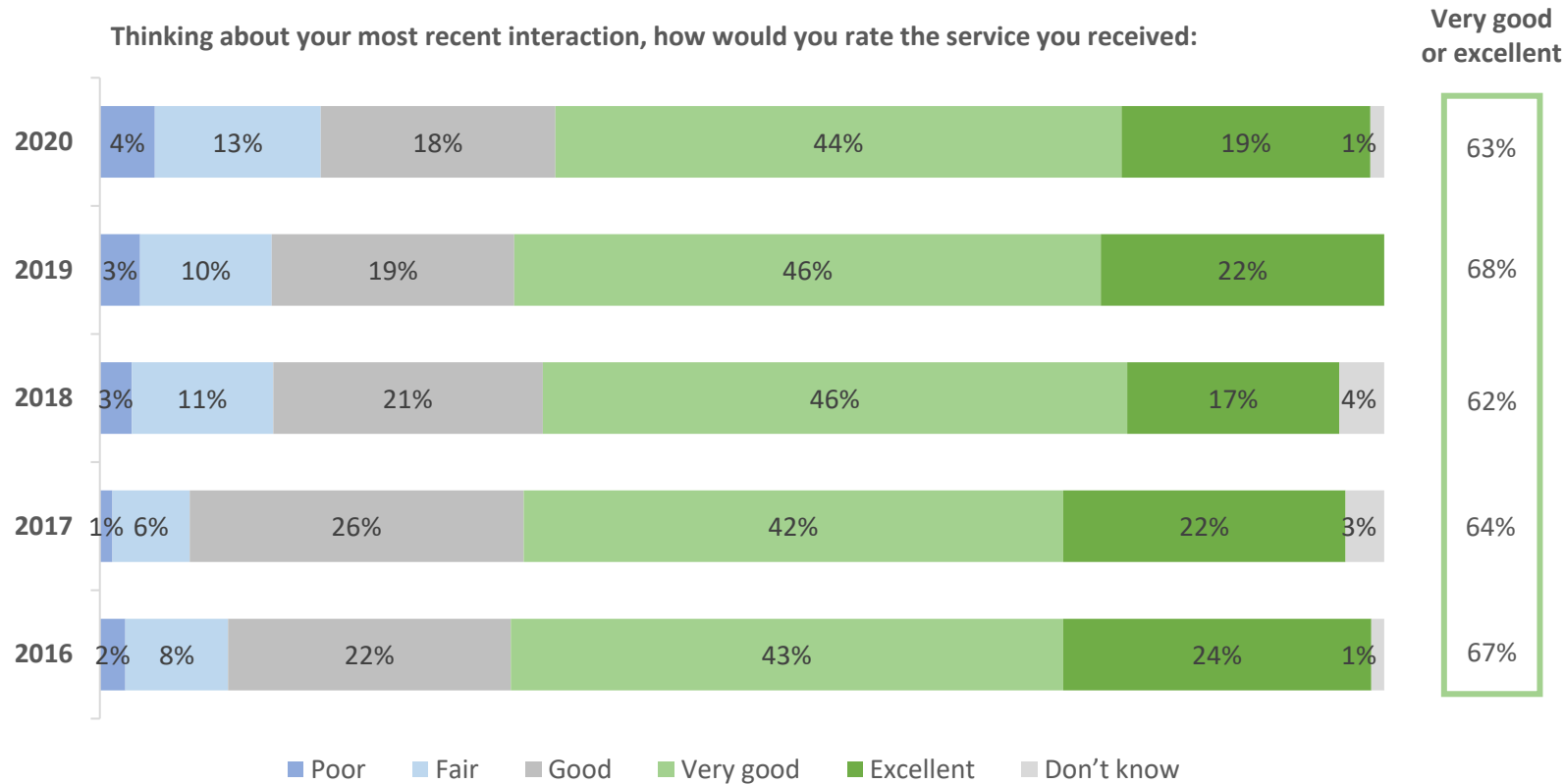
Stakeholders who have frequent dealings with the FMA (more than once a month) are more likely to mention face-to-face and telephone as the method they communicate with the FMA.

Quality of service

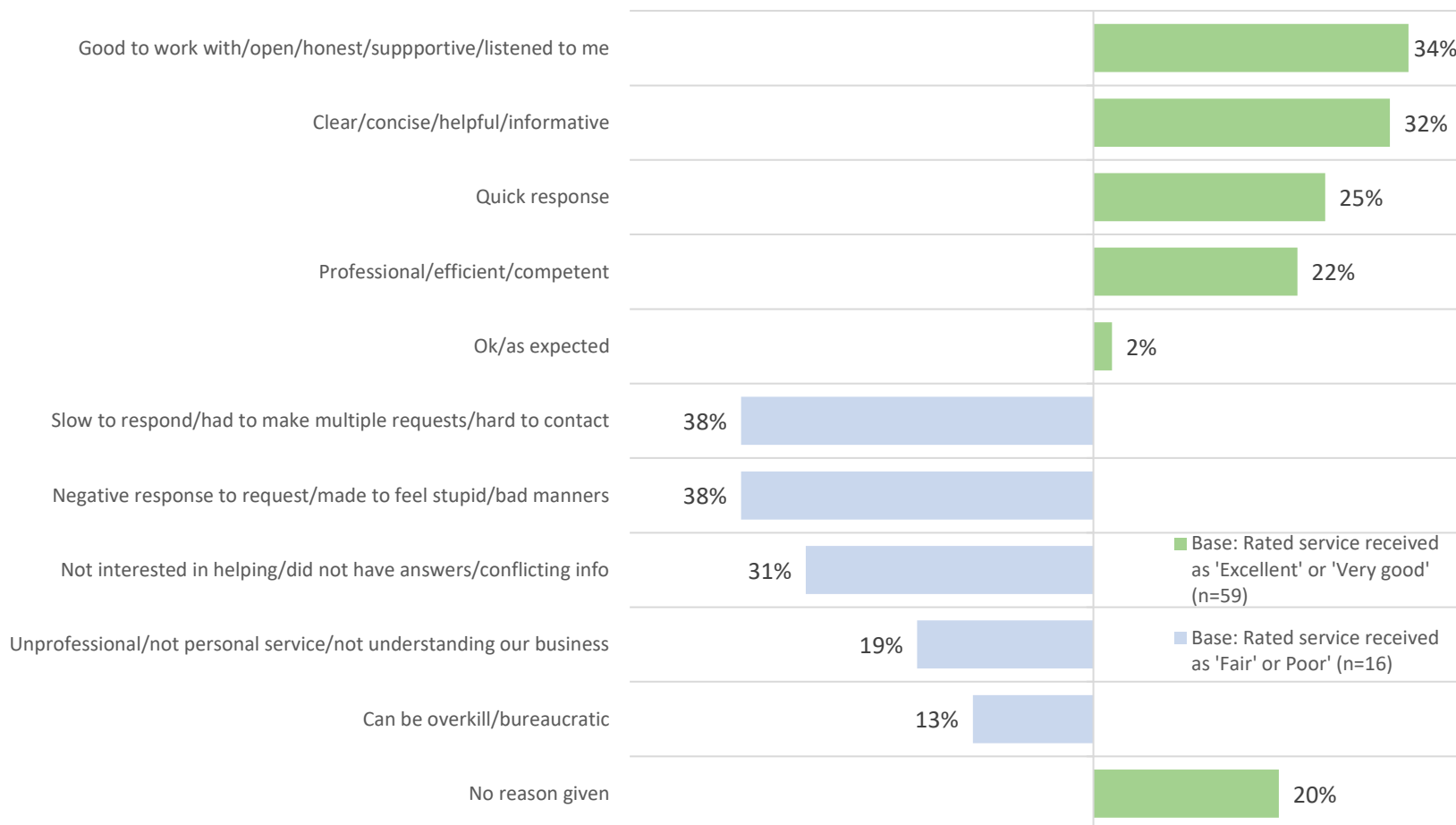
Over six in ten stakeholders (63%) rate the service they received on their most recent interaction with the FMA as very good or excellent.

There have not been statistically significant movements on this rating since last year.

Thinking about your most recent interaction, how would you rate the service you received:



Reasons for rating of service received



Stakeholders rate FMA service highly for being good to work with, open and honest and listening to them, along with being clear, helpful and informative.

Among the 16 stakeholders who rated service received lower, the main reasons given included slow response, receiving a negative experience, and/or not getting the help they needed.

Example quotes are shown on the following pages to illustrate these themes.

Example quotes – Reasons for rating service received as ‘Very good’ or ‘Excellent’

“The team who reviewed us was very professional, clear, concise and fair. I found the FMA team good to work with and appreciated their guidance.”

“While professional and thorough, it was also very friendly and ensured we worked together to find any potential issues and resolve them.”

“Prompt responses and have managed expectations with setting out timeframes for response.”

“Clear and concise information provided.”

“It was a proactive contact from FMA on a matter, and FMA contacted me again after a meeting on the matter to provide an update and some further clarity. This was via phone and was brief, targeted and very valuable.”

“Quick response and clear communication.”

“We are a DIMS provider and have to report regularly to the FMA, communication is very simple and response times are short.”

“The onsite visit was well organised and signalled. The team were professional, polite and warm to those of our staff for whom a discussion with a regulator is a rare thing. The team put those individuals at ease and made the experience really positive. The findings were fair and reasonable. I am generally very impressed and comfortable with my interactions with the FMA.”

“Easy to deal with and very supportive. Transparency and open dialog is the key to making this relationship work.”

“The communication/interaction is always highly professional and informative.”

“There was a very open discussion that clearly demonstrated listening to what was being said.”

“We are always able to meet or get answers or guidance quickly.”

“The FMA listen well on issues to do with compliance and act on feedback.”

Example quotes – Reasons for rating service received as ‘Fair’ or ‘Poor’

“Examples of unreasonably short timeframes being given for responses and aggressive attitude.”

“Got advice face to face re our transitional licence under FSLAA which seemed fair and reasonable. When we confirmed this advice via an email after the meeting, we were told something completely different which makes applying for our transitional licence far more challenging.”

“Not always easy to contact.”

“Generally delays i.e....any time in next 20 working days not a good look.”

“During the COVID-19 crisis the communication and interaction has been fragmented and slow. The same feedback/submissions have been requested a number of times from different people. After spending considerable time and resources in providing specific information within requested short time frames, very little of it appeared to have been considered or acted upon.”

“Well, I contacted the FMA to highlight that their new KiwiSaver Tracker app was showing incorrect data and was factually incorrect. In their written response, they acknowledged that the data was corrected but there was no thank-you and the tone of the communication made me feel as if I was in the wrong.”

“We are awaiting details of a relevant licensing regime that will impact on our organisation. We have looming deadlines with associated work that are being negatively impacted by the lack of detail/clarity as to what will be included in the licensing regime. We would like to see more FMA resources focused on completing this piece of work.”

“I was told by email I had to respond urgently with additional information which I did. I then had no response from the person at FMA for some months.”

“An extremely heavy-handed approach for a first ever visit.”

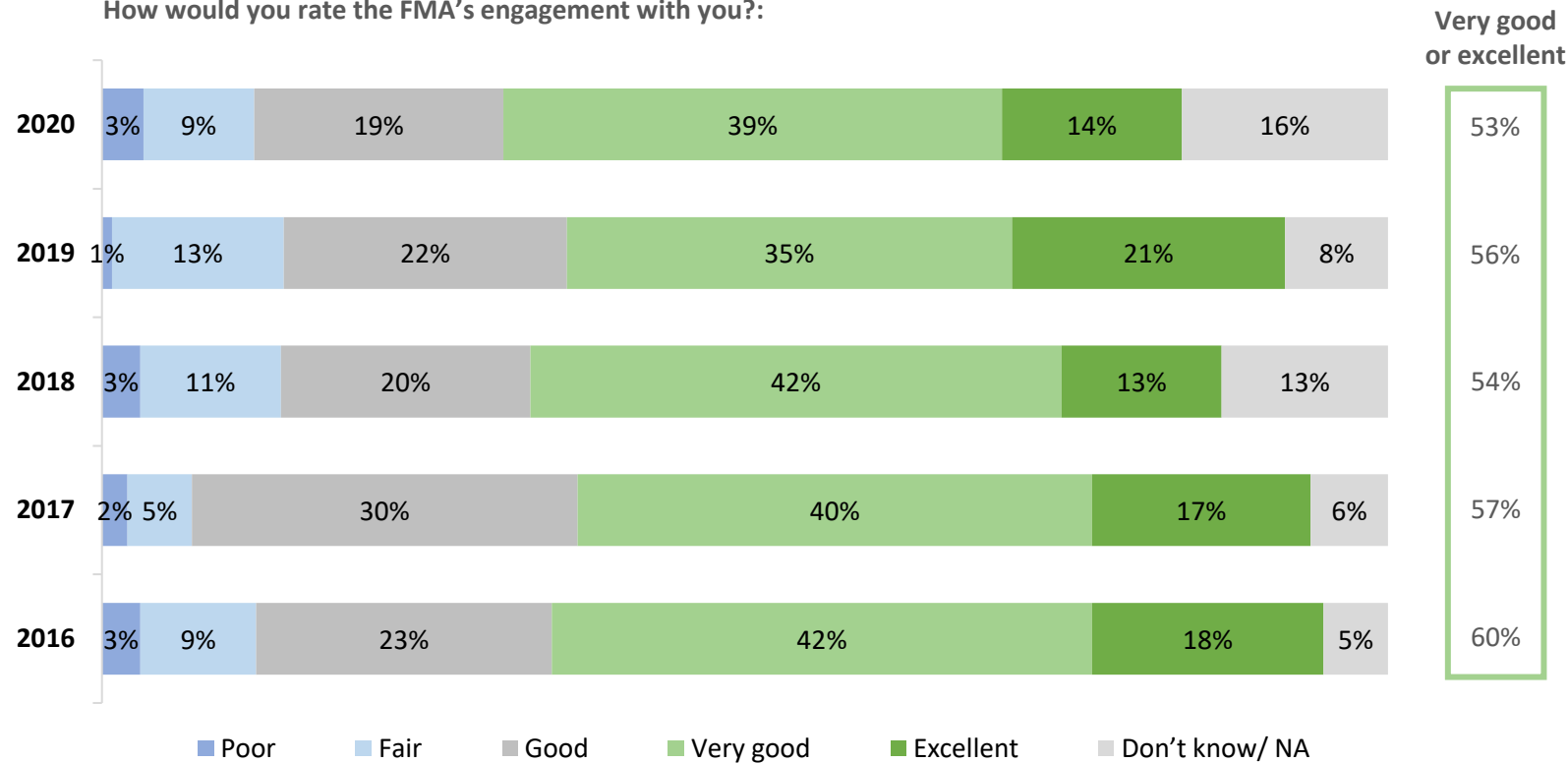
“Could not provide clarity on my situation. Was told ‘Speak to your professional relationship.’”

“Disappointing experience with a sense that FMA had a need to overplay any negative issue. Lack of understanding of our business and its areas of risk resulted in being assessed against unrealistic and inappropriate metrics. Mistakenly thought engagement would be productive and collaborative in nature, however questions asked by ourselves to gain a stronger understanding of process and control were subsequently highlighted as areas of deficiency.”

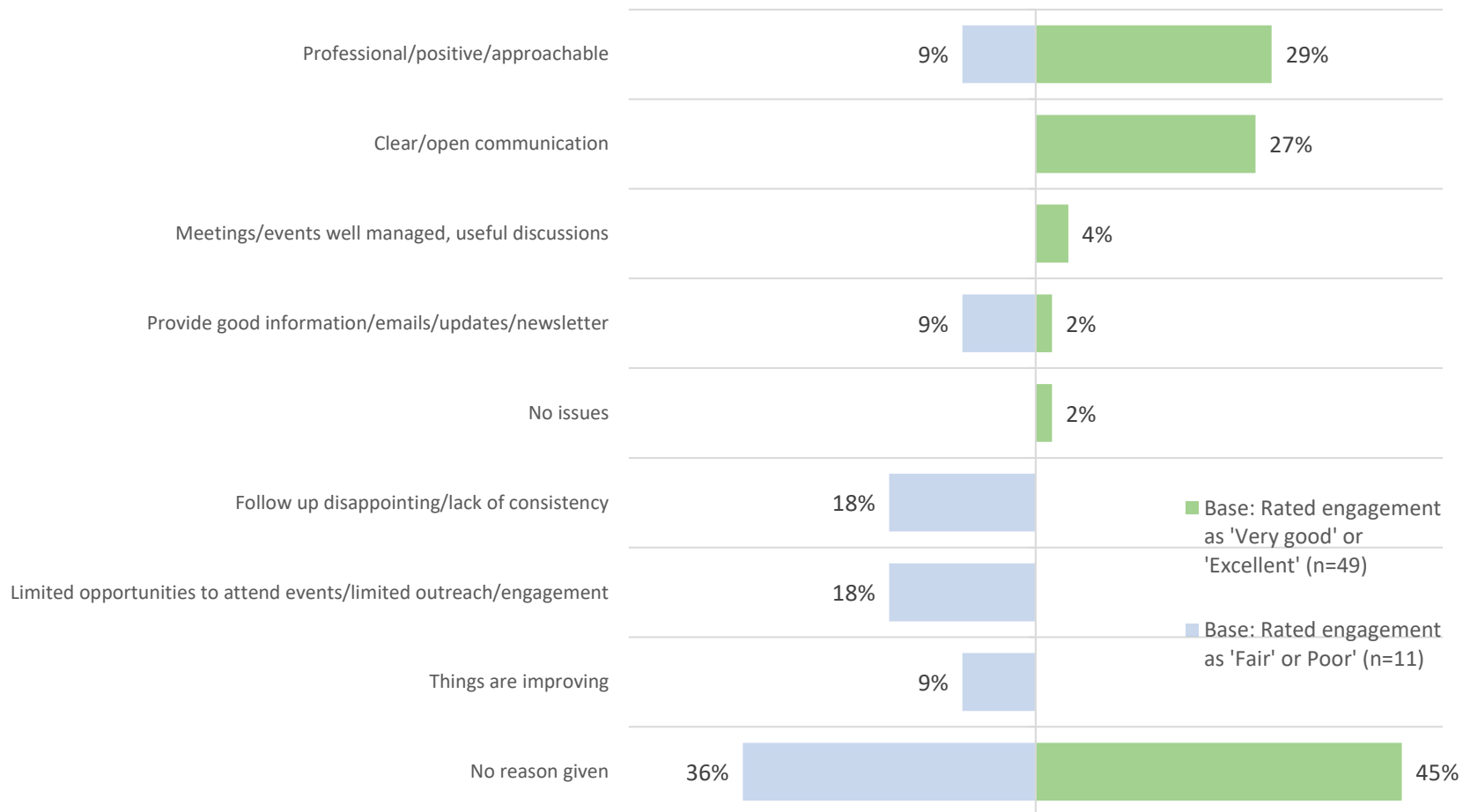
Quality of engagement with stakeholders

Fairly consistent with all five years of reporting, over half of stakeholders rate the engagement that FMA has with them as very good or excellent.

How would you rate the FMA's engagement with you?:



Reasons for quality of engagement



The top reasons for stakeholders rating FMA's engagement with them highly relate to being professional and approachable and/or clear, open communication.

Stakeholders who rated their engagement with FMA lower (11 stakeholders in total) mentioned poor follow up, lack of consistency, and/or limited opportunities for engagement.

Example quotes – Reasons for rating engagement as ‘Very good’ or ‘Excellent’

“We appreciate the availability and guidance provided by the FMA, including sharing who would be the right people to engage with on particular matters and them making themselves available to be contacted.”

“FMA is clear about its purpose and what contribution they want from other stakeholders.”

“Very good. Open to honest discussion and never defensive.”

“We responded to a request for feedback that the FMA put out about policy/regulation changes that were being considered. After our submission, the project lead came back to us with follow up questions. We felt it was a genuine consultation, as opposed to lip service.”

“Generally we have found FMA to be good to deal with, and historically they have been quite realistic / pragmatic. We hope that this continues going forward.”

“The level of availability, FMA's willingness to prioritise and make time on matters, and access to senior executives who have a constructive and fair approach. FMA has a good brand profile for doing what it says it will do, and meeting commitments.”

“The tone from the top is that the FMA and the organisations it supervises are equally critical to the creation of a well functioning financial services sector that meets the needs of New Zealanders. My practical engagement with them supports that. They are easy to approach, focussed on establishing strong working relationships with the industry, listen carefully, ask sensible questions and are prepared to supervise in a risk-based manner, rather than apply blanket one-dimensional rules.”

“Our supervisor is very responsive with any information exchanges and always forthcoming if there are any issues we need to address, making it easy to work together for good customer outcomes.”

“The FMA people I have dealt with (mainly in comms/govt relations) are highly professional, engaged and communicative..”

“I find their communications to stakeholders clear and proactive.”

“The FMA keeps me informed where needed and involves me/my organisation as relevant so there are never any surprises.”

“Generally, very collaborative in the arena of policy discussions.”

“The FMA consult on changes and regularly issue guidance to relevant parties.”

Example quotes – Reasons for rating engagement as ‘Fair’ or ‘Poor’

“Recent levy consultation is a good example. The consultation papers were clear, and workshops convened which we participated in, but it was then completely unclear how our feedback had been considered or taken into account or dismissed, as the case may be, after that.”

“I work with my firm and with industry organisations and I've marked this positively or very positively in the past. That wasn't then, and isn't now, a reflection of the success or otherwise of the advocacy proposal. Some recent interactions have been a let down, in terms of following through, and truly engaging on the issues. That's a reasonably small sample size, but I have to be honest about my assessment here as I think this is a vital part of the health of our market.”

“Apart from reporting to the FMA, there is not much interaction from the FMA. Newsletter and information on the website are very good and efficient, though.”

“A response provided but the focus is on the answer, rather than further proactive help.”

“FMA seems very reactive rather than proactive.”

“The FMA haven't engaged with us in relation to any of the above, and don't seem to hold events in our region very often (not FMA-only events. They may sometimes be involved in events organised by others).”

“As working advisers while we have seen some improvement with FMA interactions ... still a long way to go to create a good and effective working relationship between FMA and advisers aiming to do right for their clients in a professional manner (not just salespeople!).”

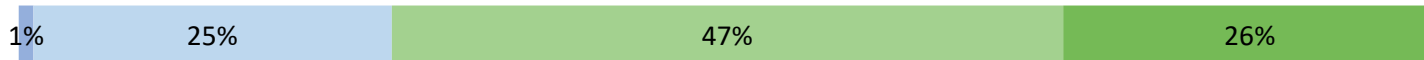
“Only contact is through audits etc.”

Readership of market communications

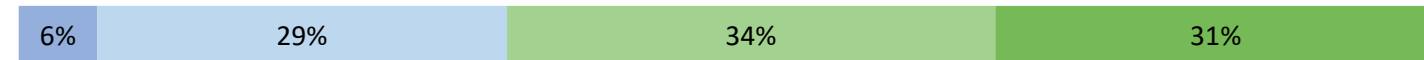
Email newsletter: The FMA Update



Media releases



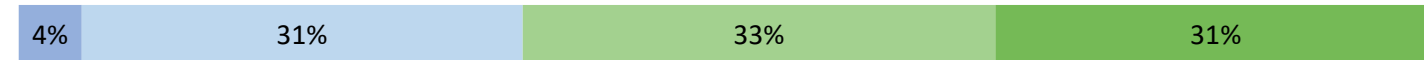
Thematic reports



Consultation papers



Legal guidance



Statutory reports



Website updates



Investor materials



■ I am aware, but I never read them ■ I read them sometimes ■ I read most of them ■ I read all of them

Read all or most
2020 2019

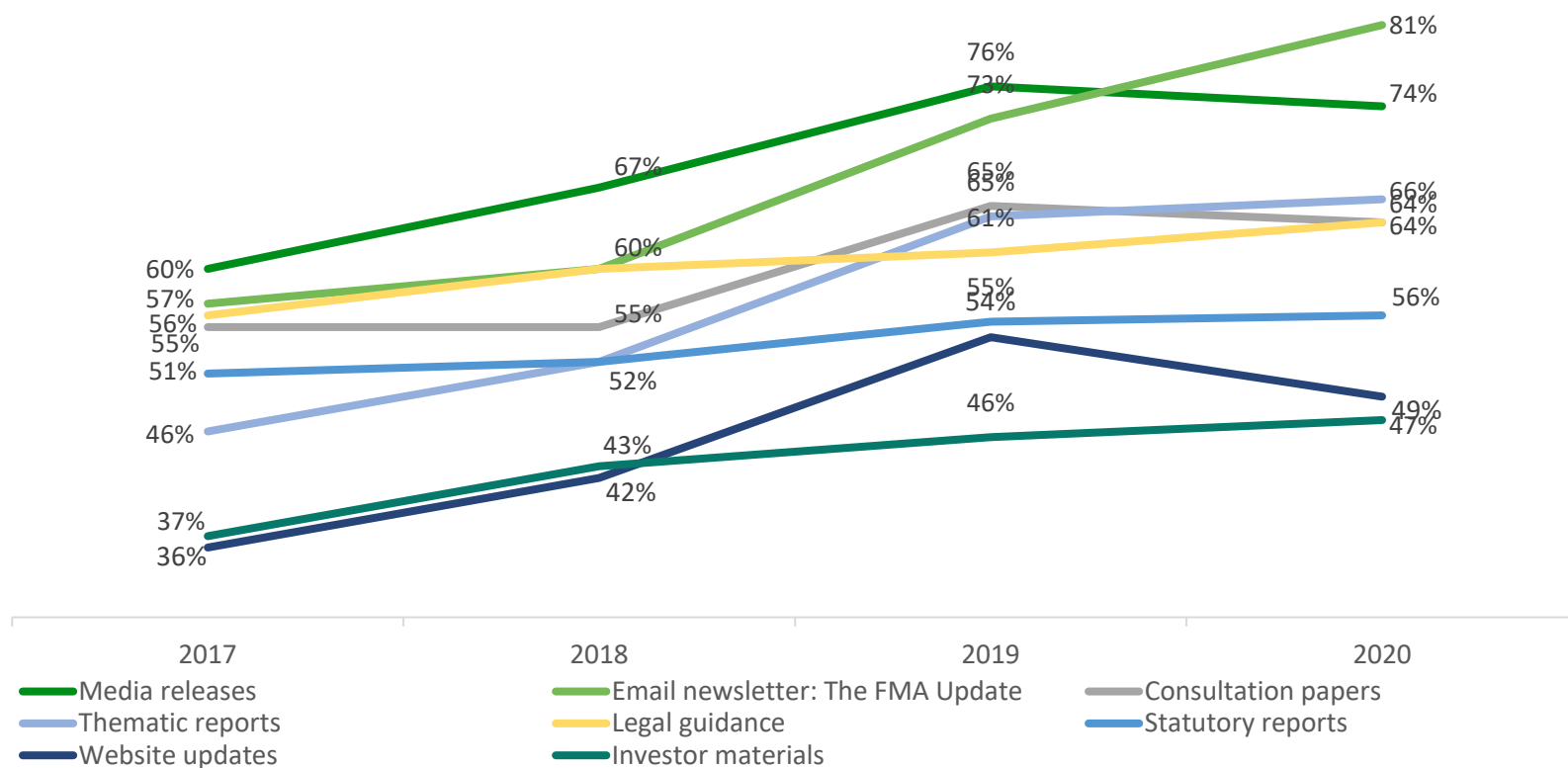
81%	-
74%	76%
66%	65%
64%	65%
64%	61%
56%	55%
49%	54%
47%	46%

Of the market communication types asked about, the FMA Update email newsletter is the most well-read, followed by media releases.

The chart on the following page shows changes in readership over time.

Readership of market communications – trends over time

Showing % read most or all of them



Note: base excludes 'not applicable' (those who select 'not applicable' or 'not aware').

After seeing an increase in readership of FMA communications in 2019, readership has levelled out, with no statistically significant movements in 2020.

The communication type 'Market Updates' was changed in 2020 to 'Email newsletter: The FMA Update' therefore results this year are not directly comparable with previous years.

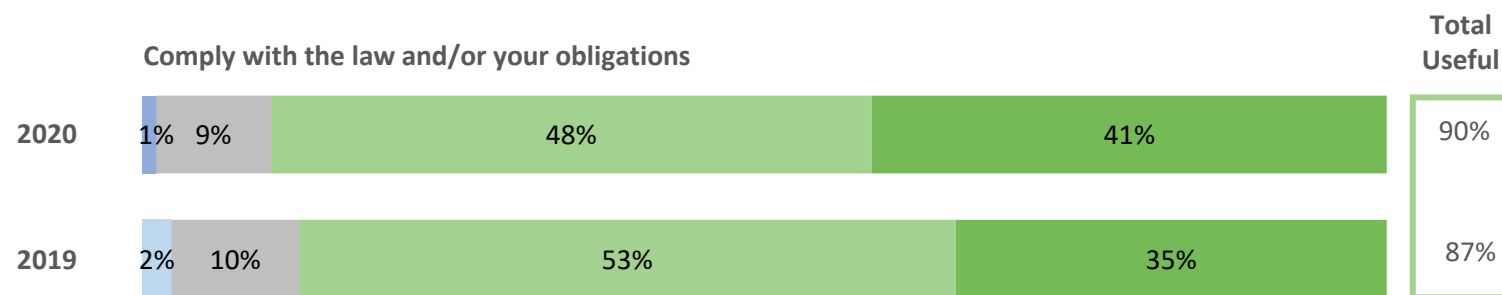
Usefulness of FMA-issued guidance

The majority of stakeholders found the FMA-issued guidance they have read in the past year useful in helping them comply with the law and/or obligations and to make improvements to their policies or processes.

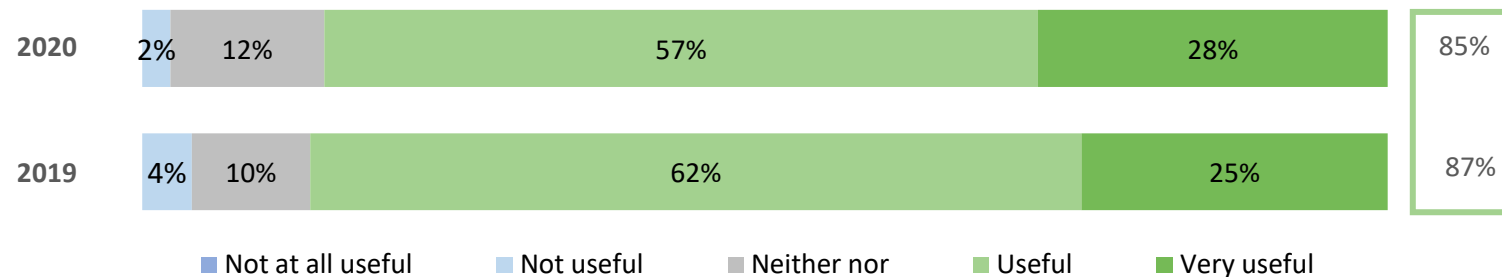
These results are consistent with 2019.

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

Comply with the law and/or your obligations



Make improvements to your policies or processes



New question in 2019 Q: 'Thinking about any FMA-issued guidance for market participants you have read during the past year (standalone guidance or guidance within a thematic report), how useful did you find the guidance in helping you to...'

Base, all stakeholders: 2020 n=87 2019 n=126.

Note the base excludes those who selected 'not applicable'.

Effectiveness of market communications

Communications help me understand the FMA’s approach to regulating NZ financial markets



Communications are relevant to my sector



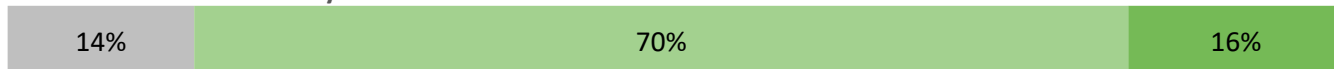
Communications help me understand my obligations as market participant



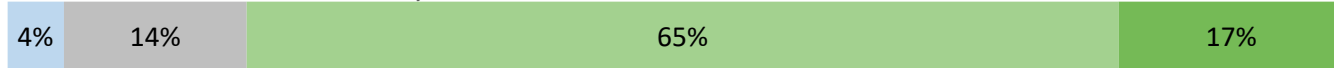
Communications help me understand the FMA’s expectations of my organisation



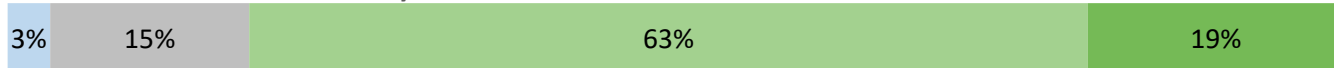
Communications are timely



Market communications are clear, concise and effective



Market communications are easy to understand



Strongly disagree Disagree Neither agree nor disagree Agree Strongly agree

Total agree	
2020	2019
96%	87%
89%	81%
89%	84%
87%	83%
86%	75%
82%	77%
82%	76%

Stakeholders rate the effectiveness of FMA market communications highly overall with only a small proportion disagreeing on any of the statements.

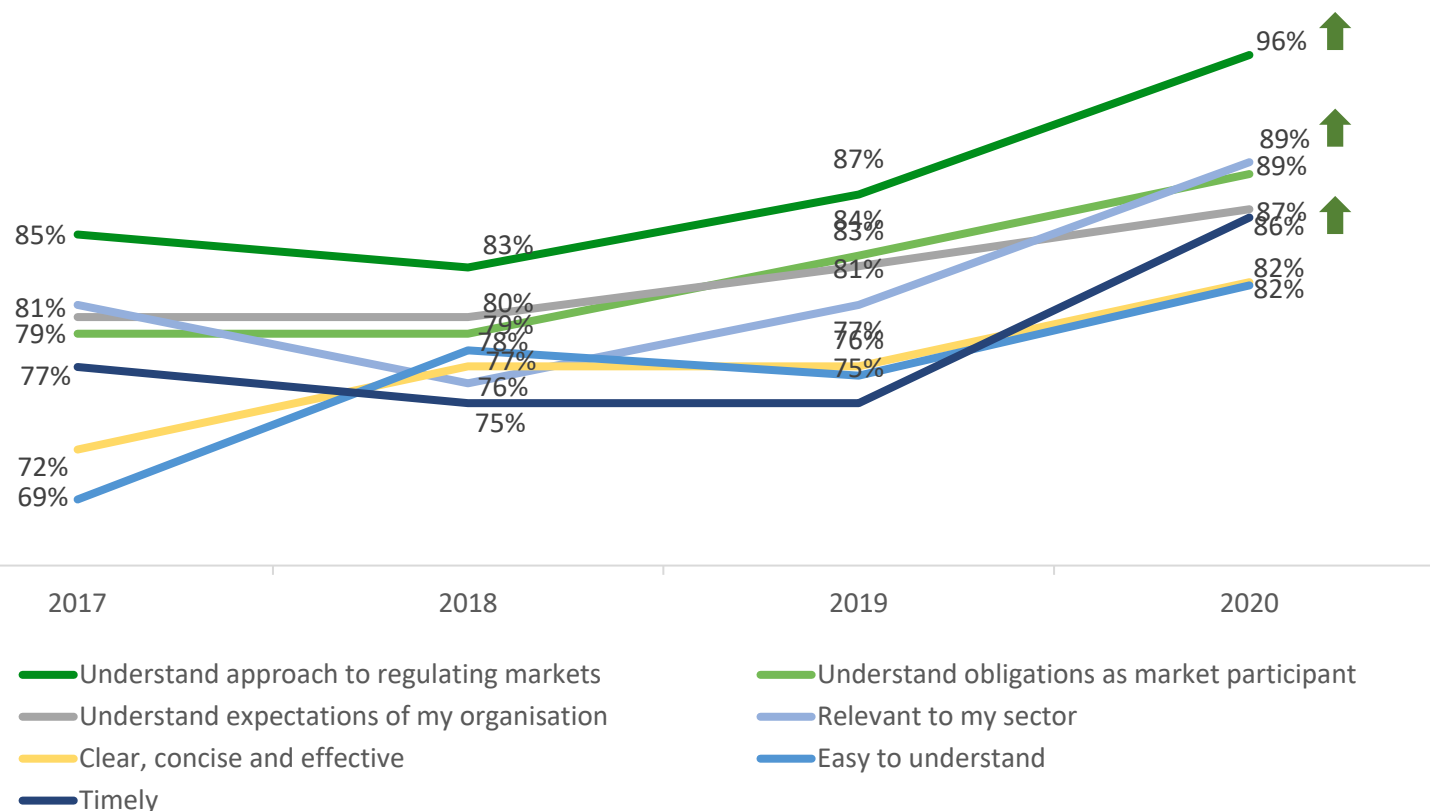
Almost all stakeholders (96%) agreed that FMA communications help them understand the FMA’s approach to regulating NZ’s financial markets – this is a significant increase from 2019.

Compared with the 2019 results there has also been a significant increase in stakeholder agreement that the FMA communications are relevant to their sector, and timely.

↑ Significant increase from the 2019 results.

Effectiveness of market communication – trends over time

Showing % total agree for each statement



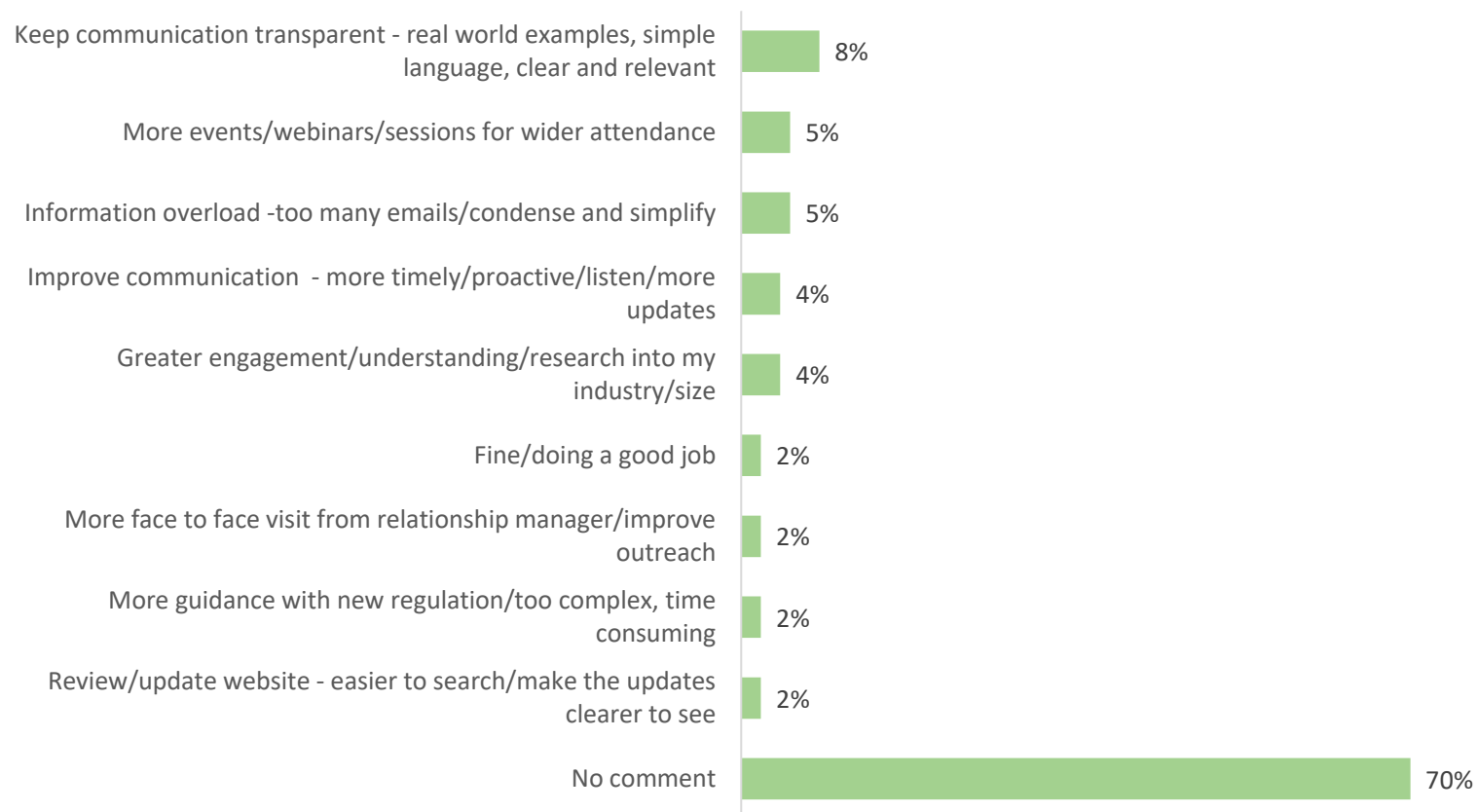
Note: base excludes 'not applicable' (those who select 'not applicable' or 'not aware')

Stakeholder agreement that the FMA’s communications help them to understand the FMA’s approach to regulating the financial markets has continued an upward trend since 2018 with a significant increase in 2020 to 96%.

There is also a general upward trend over the last three years in stakeholder agreement that FMA communications are relevant to their sector, help them understand FMA’s expectations of their organisation, and help them understand their obligations as a market participant.

↑ Significant increase from the 2019 results.

Opportunities to improve market communications



**All other responses were less than 2%.*

Similar to previous years only a small proportion of stakeholders offered suggestions of ways to improve FMA's communications.

Among stakeholders who did offer a suggestion, as in 2019 the main suggestion given is clear and transparent communication using simple language.

Example quotes – improving market communications

“I think more seminars or conferences hosted by the FMA will be great, focusing on topical areas such as conduct risk etc.”

“One improvement would be for the FMA to adopt more 'plain English' into their communications, particularly external media communications.”

“Only send relevant communications to those who need them.”

“To continue to assist auditors to bridge the expectation gap with the market / investors.”

“The communications can be too high level for example in AML/CFT space. They tend to be a reflection just of the legislation. We are able to do this ourselves. More day to day examples are needed to make it real. DIA seems to do this more effectively than FMA.”

“Communications are directionally right and generally useful, but sometimes it is unclear where it 'fits in'. I think the legislation/regulation should be supplemented by guidance material that supports industry compliance and is clearly connected. Sometimes it feels a little random and it is hard to follow the thread. Also a lot of communications don't clearly signal which type of entity would be interested in the communication - is it for a bank, a finance company, an insurer?”

“The FMA needs to continue to be cognisant of workloads for market participants, so staggering comms is very useful (as opposed to multiple comms going out in a short time frame).”

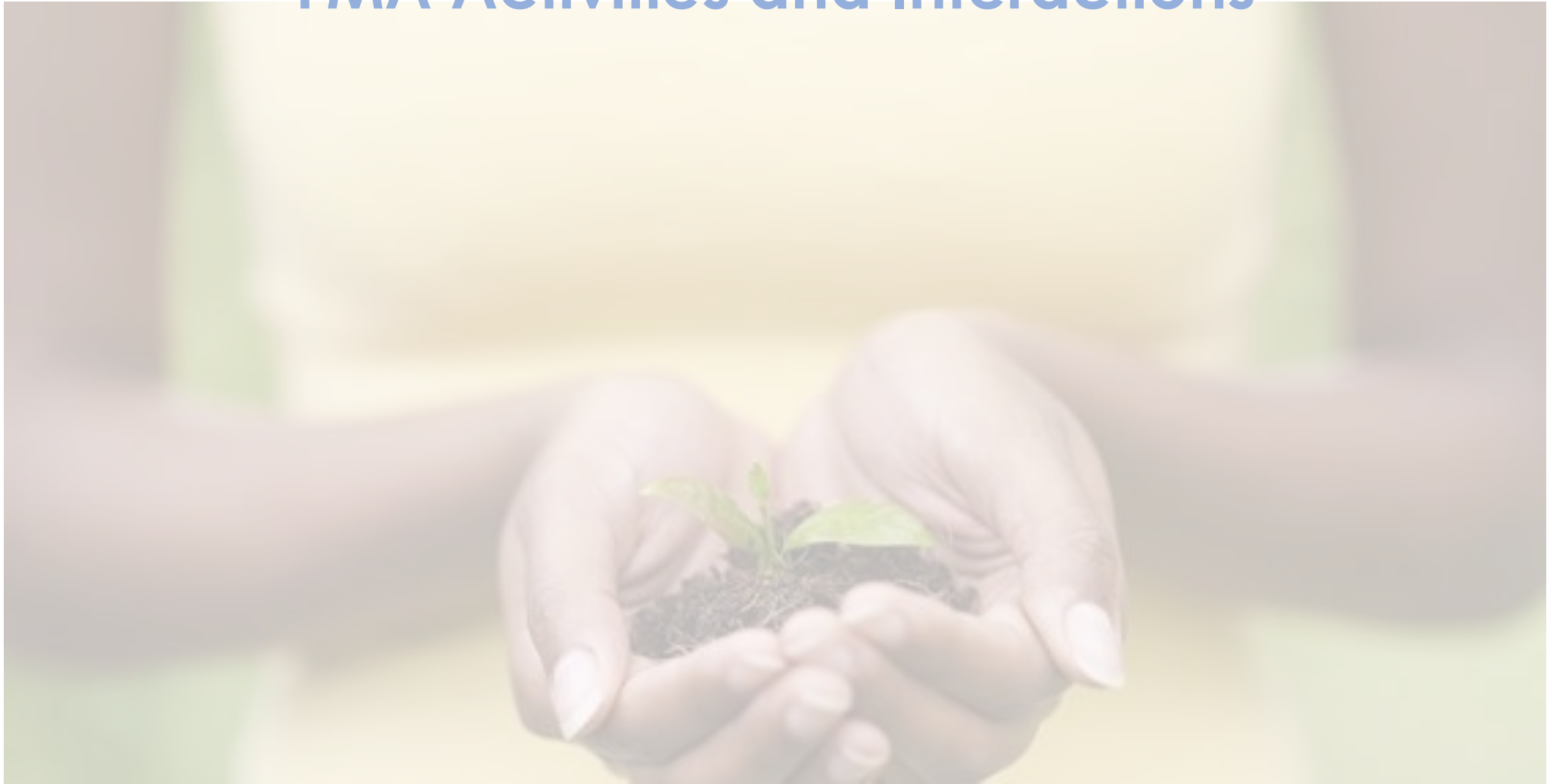
“Sometimes key updates get made to the website (e.g. important information added) and you just happen upon it. I don't think there's enough communication about those key updates. In general, the website is pretty hard to navigate, and the search function isn't great - if you search on AML/CFT, for example, you get no results...”

“Perhaps greater use of webinars given the COVID-19 changes.”

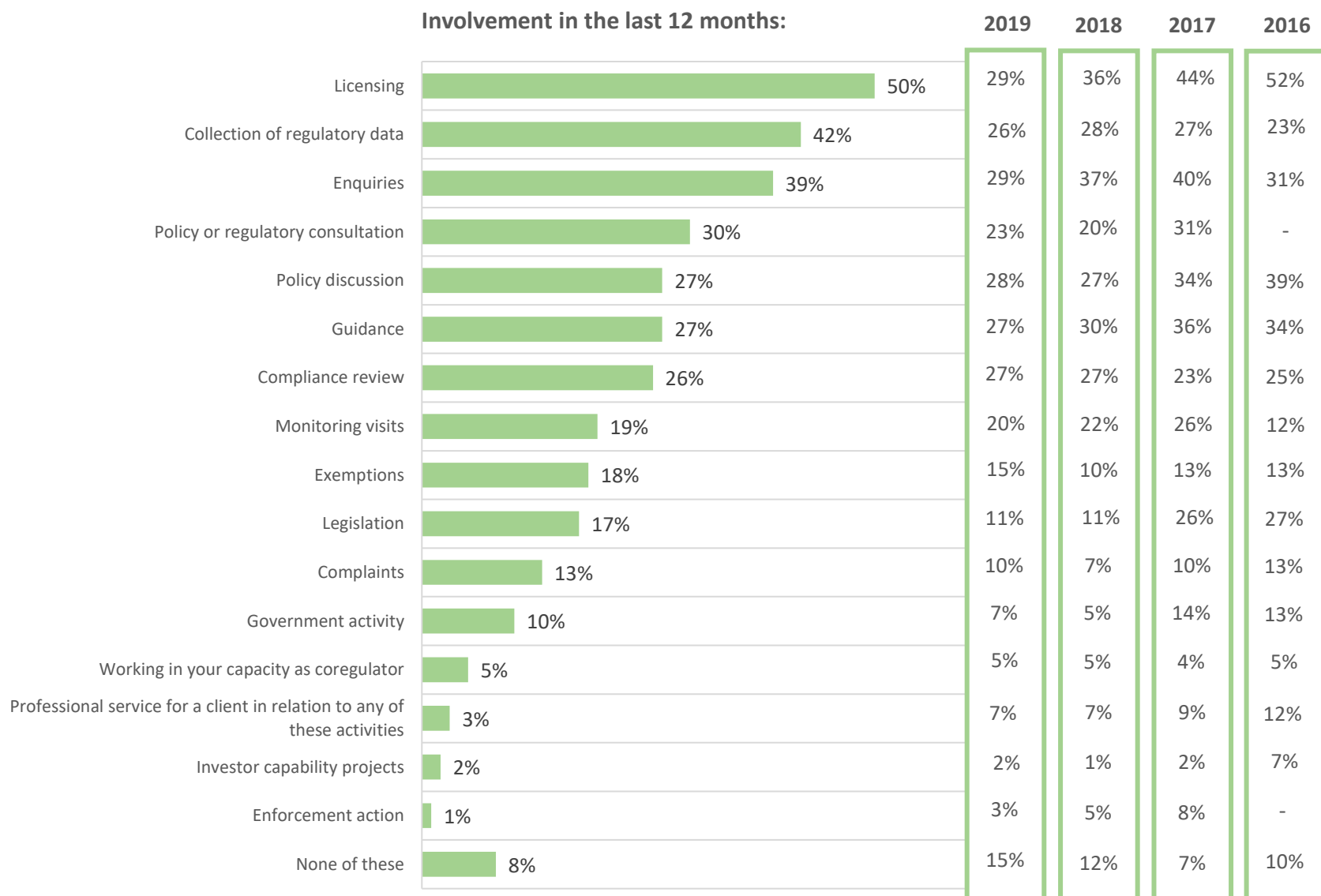
“It would be good to see more frequent updates on matters, such as investigations, in progress.”

“A more proactive approach to our industry segment. Communication with the FMA usually occurs at our initiation. Would be good to see that initiative reciprocated.”

FMA Activities and Interactions



Involvement in FMA activities



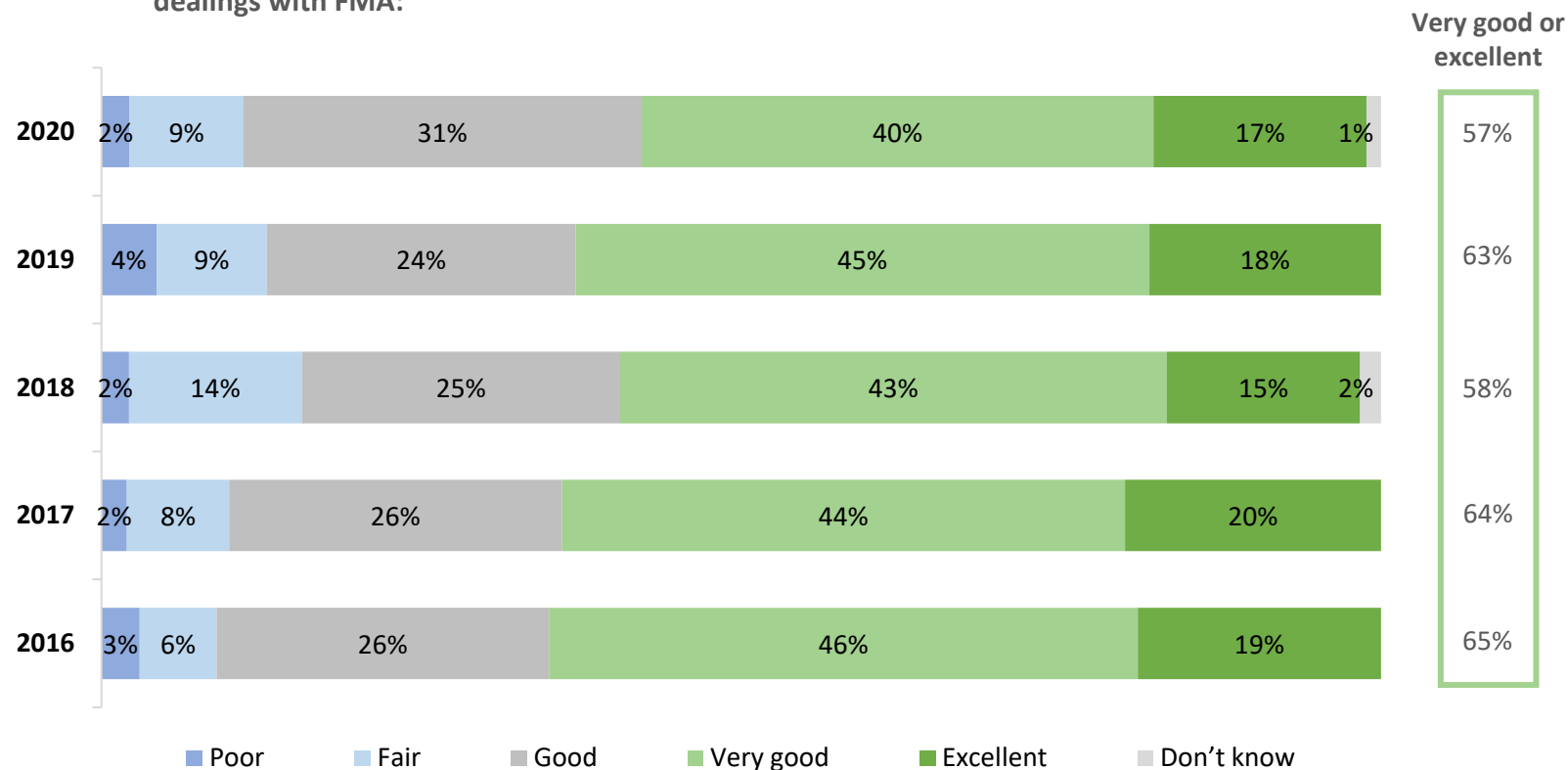
In the last 12 months, the most common FMA activities stakeholders have been involved in are licensing, collection of regulatory data, and enquiries.

The proportion of stakeholders saying they are involved in licensing with the FMA had been decreasing steadily over the previous four years from just over half in 2016 (52%) to three in ten in 2019 but has increased back up to 50% in 2020.

Involvement in collection of regulatory data is significantly higher in 2020 than previous years.

Dealings with the FMA

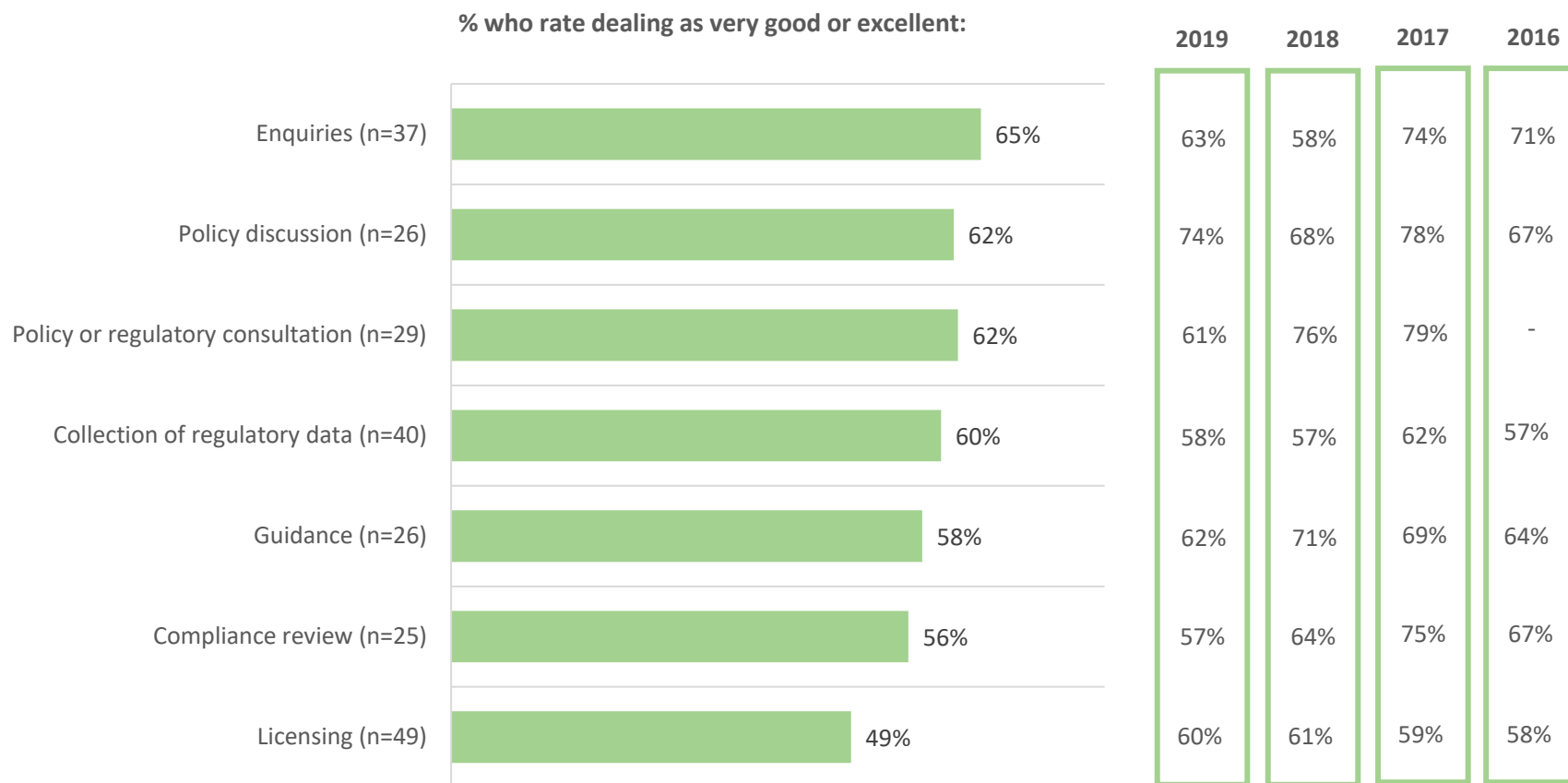
Thinking about the specific activity/activities in the last 12 months, how would you rate your dealings with FMA:



Nearly six in ten stakeholders rated their dealings with the FMA over the last 12 months as very good or excellent. There is no significant movement in ratings from 2019.

Activities and dealings with the FMA

When looking at stakeholders who rated their dealings with the FMA as very good or excellent by activity, enquiries, policy discussions, and policy or regulatory consultation have the highest ratings.



**Only activities with more than n=20 are shown.*

Outcomes for organisations

It improved our understanding of what the FMA expects of us



It improved how we do things



It provided a benchmark for what we do



It improved what we do

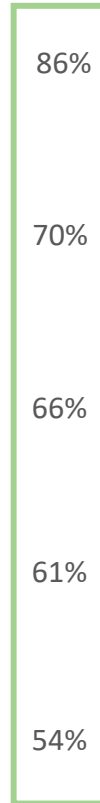


It improved our understanding of the market we operate in



■ Strongly disagree
 ■ Disagree
 ■ Neither agree nor disagree
 ■ Agree
 ■ Strongly agree

Total Agree



Involvement in FMA activities are most likely to result in stakeholders' improved understanding of what the FMA expects of them, followed by improving how stakeholders do things and/or activities providing a benchmark for what they do.

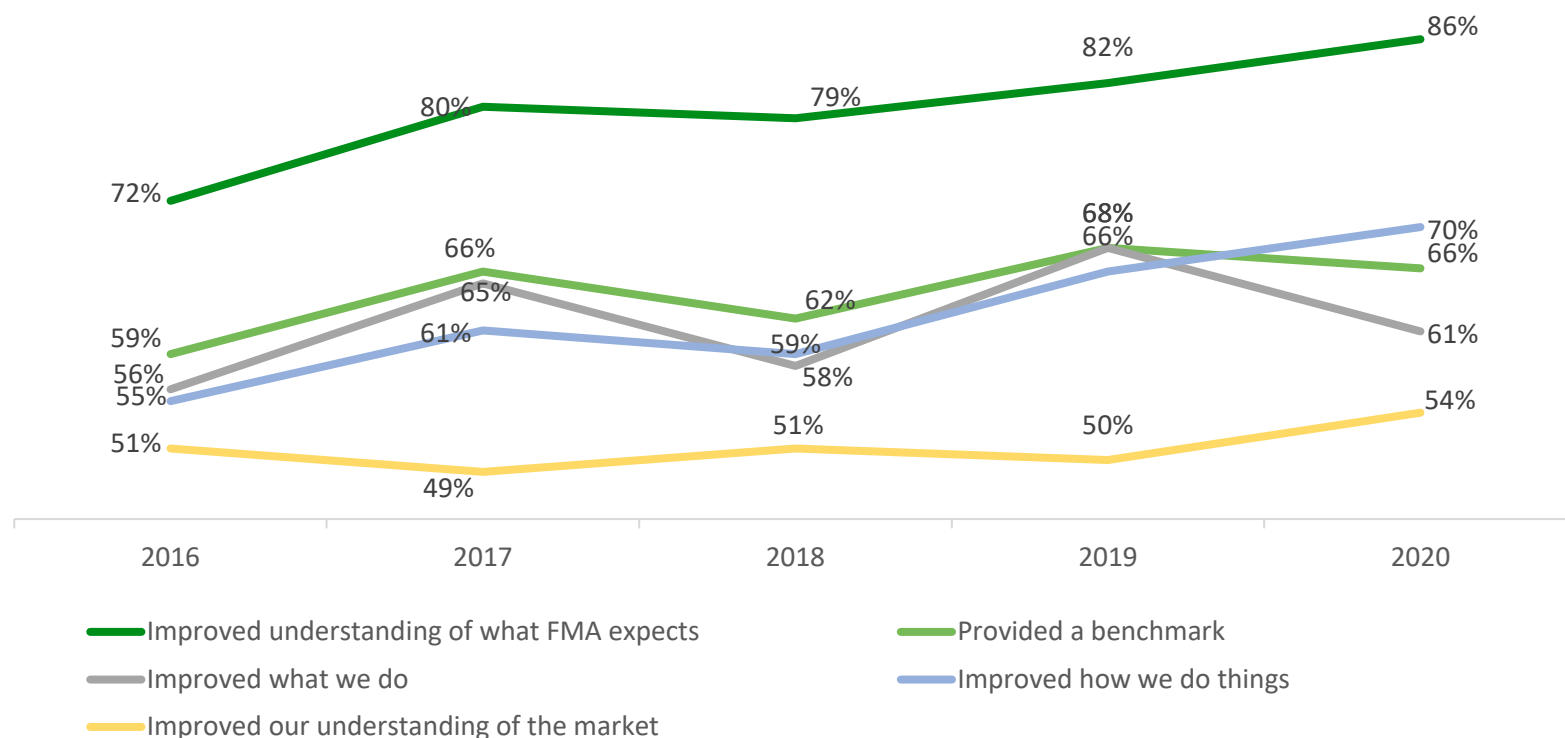
Stakeholders are least likely to agree that FMA activities improved their understanding of the market.

**Base excludes not applicable*

Outcomes for organisations – trends over time

Although the movements over time are not statistically significant, there is a general positive, upward trend for FMA activities improving understanding of what FMA expects and improving how stakeholder organisations do things.

Showing % total agree



*Base excludes not applicable

Perceptions of the FMA



Perceptions of FMA and its effectiveness

FMA supports market integrity



FMA helps raise standards of market conduct



The FMA's actions help promote fair, efficient and transparent financial markets (new option 2020)



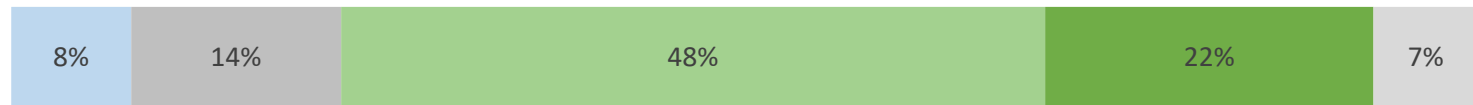
The FMA's activities reflect its strategic priorities



The FMA maintains a strong enforcement function and helps to deter misconduct by holding misconduct to account



The FMA's priorities target the appropriate strategic risks



■ Strongly disagree ■ Disagree ■ Neither agree nor disagree ■ Agree ■ Strongly agree ■ Don't know

Total Agree



Nearly nine in ten (89%) stakeholders agree that the FMA supports market integrity.

85% believe the FMA helps raise the standards of market conduct, and a similar proportion of 83% agree that the FMA's actions help promote fair, efficient and transparent financial markets (this is a new statement added in 2020).

There has been a significant increase in stakeholder agreement that the FMA maintains a strong enforcement function and helps to deter misconduct by holding misconduct to account, from 61% agreement in 2019 to 78% in 2020.

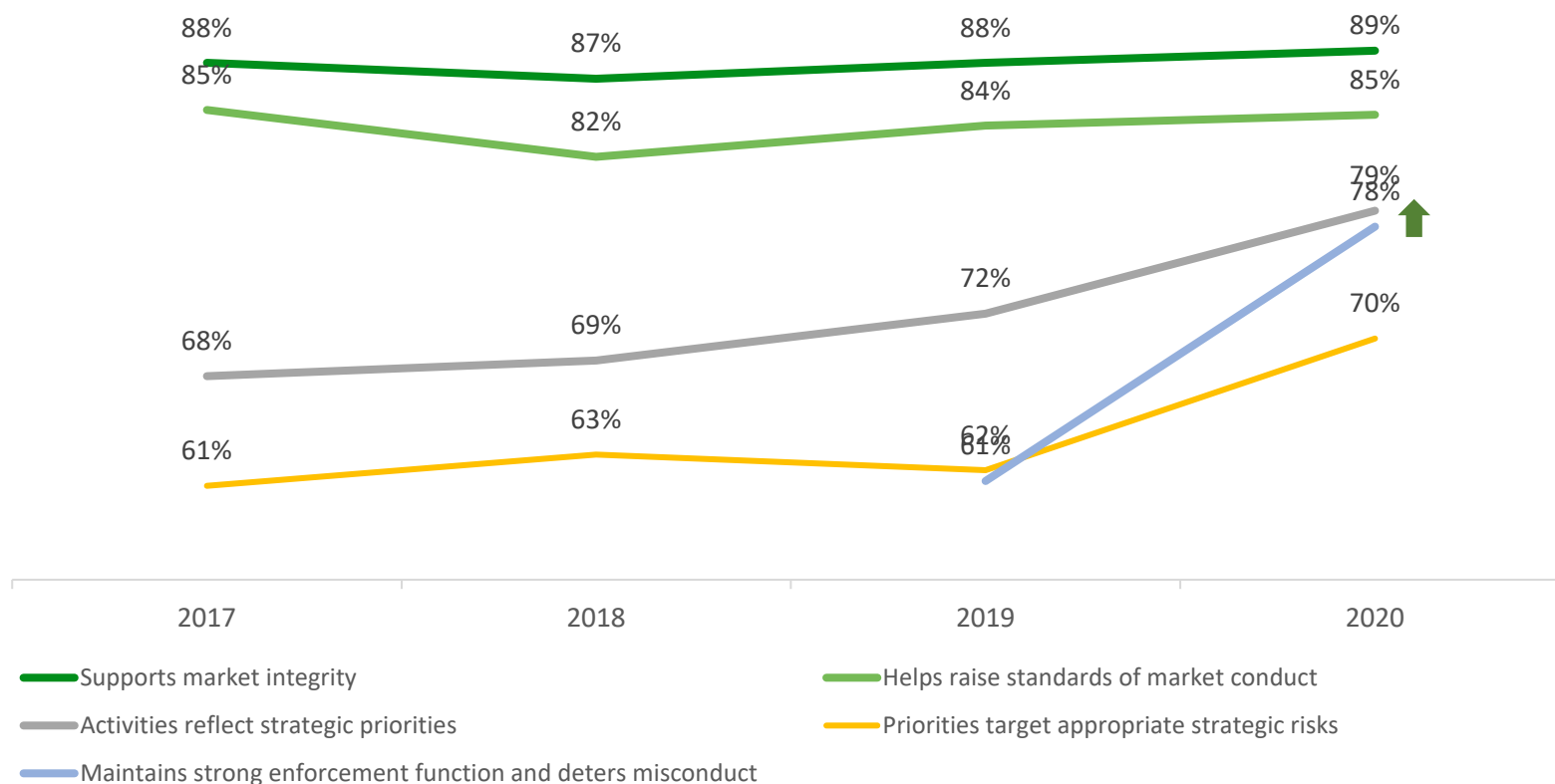
Results for the statements asked show no significant movement since last year. The chart on the following page shows results over time.

Awareness and readership of FMA's Strategic Risk Outlook Document:

- Three quarters of stakeholders mentioned they were aware of the FMA's Strategic Risk Outlook document when prompted (74%). Of these, 82% had read it, equating to 61% of all stakeholders indicating they had read the document.
- Awareness is higher among those who have face-to-face dealings with the FMA (90% aware).

Perceptions of FMA and its effectiveness – trends over time

Showing % total agree



Stakeholder agreement that FMA supports market integrity and helps raise standards of market conduct have remained steady since 2017.

There has been a significant increase in stakeholder agreement that the FMA maintains a strong enforcement function and helps to deter misconduct by holding misconduct to account, from 61% agreement in 2019 to 78% in 2020.

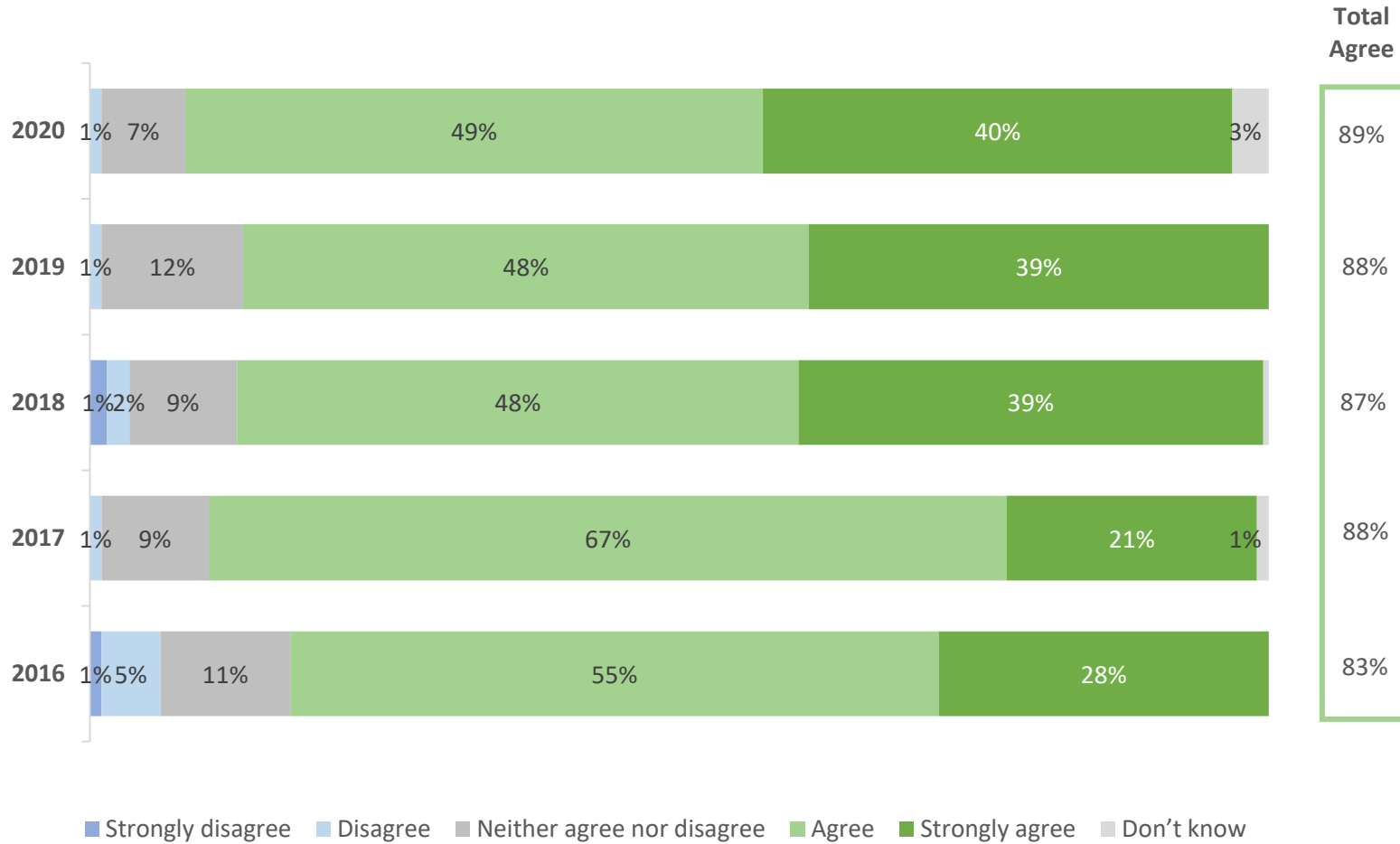
The other statements asked show no significant movement since last year.

Note the following question changes over time:

- 'The FMA's actions help promote fair, efficient and transparent financial markets' was added in 2020, so not comparable against prior year results.
- The option 'I am aware of the FMA's Strategic Risk Outlook document and I have read it' was removed in 2020.
- 'The FMA maintains a strong enforcement function and helps to deter misconduct by holding misconduct to account' was added in 2019.

↑ Significant increase from the 2019 results.

FMA supports market integrity

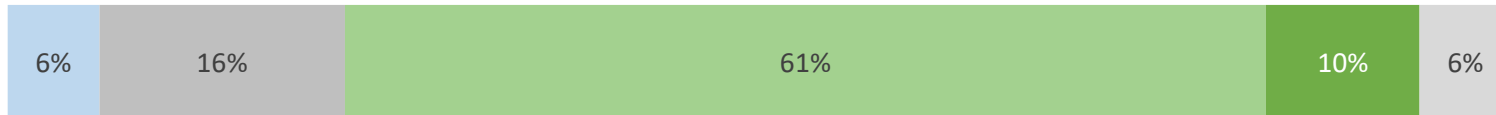


The proportion of stakeholders who agree that the FMA supports market integrity has remained steady since 2017.

Four in ten stakeholders indicate strong agreement and this has remained consistent over the last three years.

The FMA's efficiency and the impact of regulation

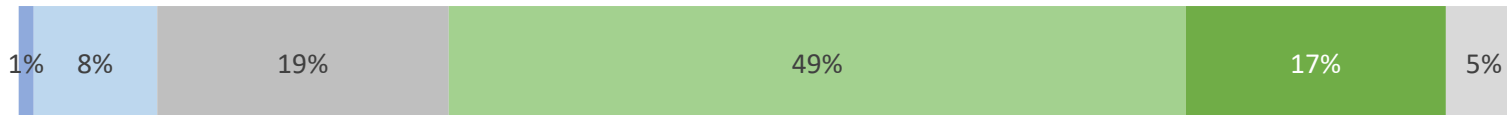
The FMA is effective and efficient in its role of implementing changes to its regulatory mandate and remit



The regulatory burden of the FMA is proportionate to the value of its broader impact on New Zealand's financial markets



It is easy doing business with FMA



The regulatory burden of the FMA is proportionate to the value my organisation receives from our interactions with FMA



■ Strongly disagree
 ■ Disagree
 ■ Neither agree nor disagree
 ■ Agree
 ■ Strongly agree
 ■ Don't know

Total Agree



Two thirds of stakeholders agree that it's easy doing business with FMA.

Although agreement is lowest with the statement that the regulatory burden of the FMA is proportionate to the value stakeholders receive, this measure has been trending upwards over the last few years from a low of 31% agreement in 2017 to just over half of stakeholders agreeing in 2020 (53%).

The chart on the following page illustrates trends over time.

Note: In 2020 the question was changed to include 'The FMA is effective and efficient in its role of implementing changes to its regulatory mandate and remit'.

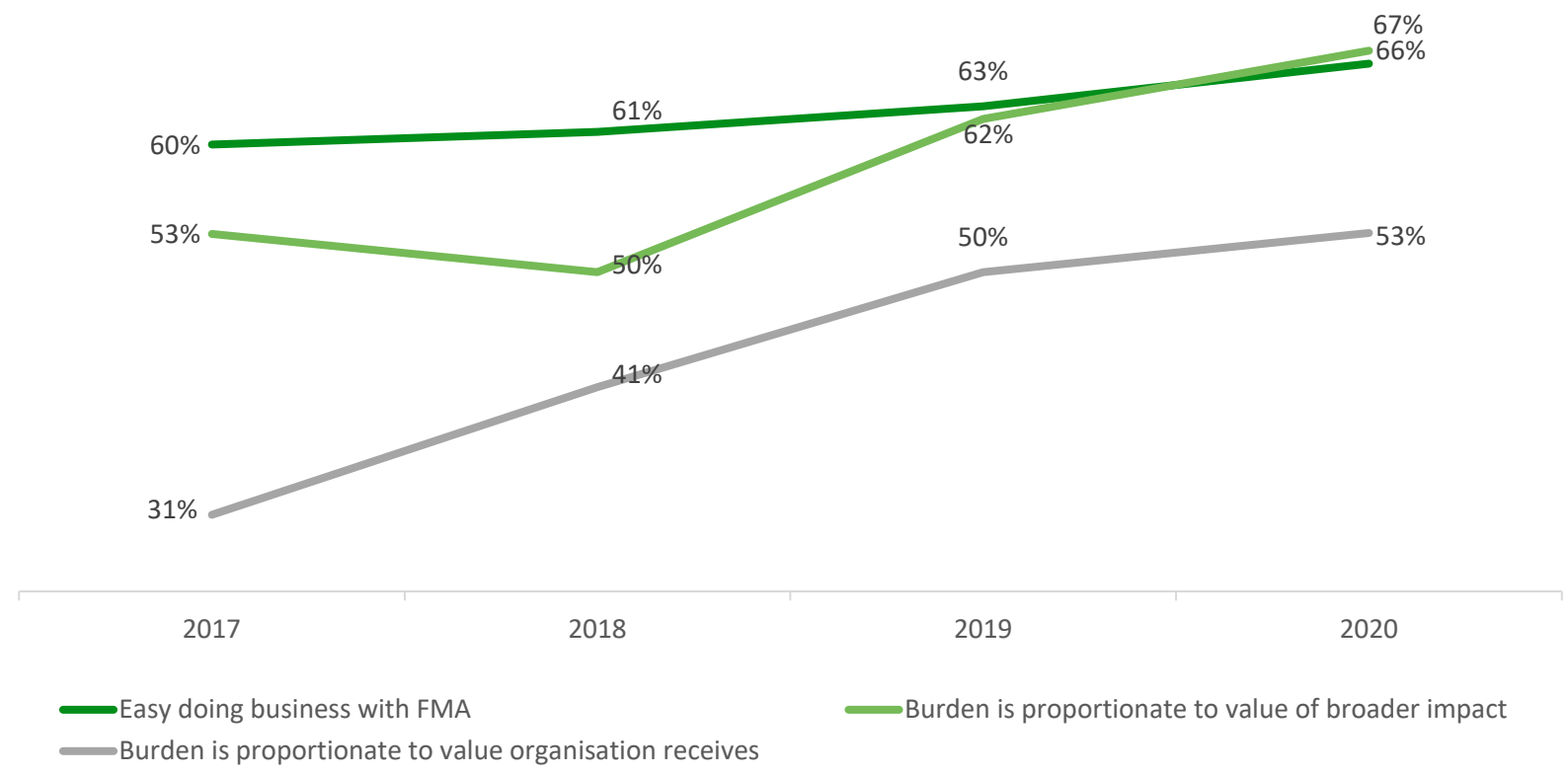
The following statements relate to the FMA's efficiency and the impact of regulation. The regulatory 'burden' of the FMA on your organisation comes from two things. The 'burden' inherent in the law which the FMA must enforce and with which you must comply. There is also potential 'burden' arising from something we have chosen to do (using discretion); or from the relative efficiency in the way we have delivered our mandate. With this in mind, to what extent do you agree or disagree with the following statements?

Base: All stakeholders 2020 n=98, 2019 n=137, 2018 n=208, 2017 n=135

↑ Significant increase from the 2019 results.

The FMA's efficiency and the impact of regulation – trends over time

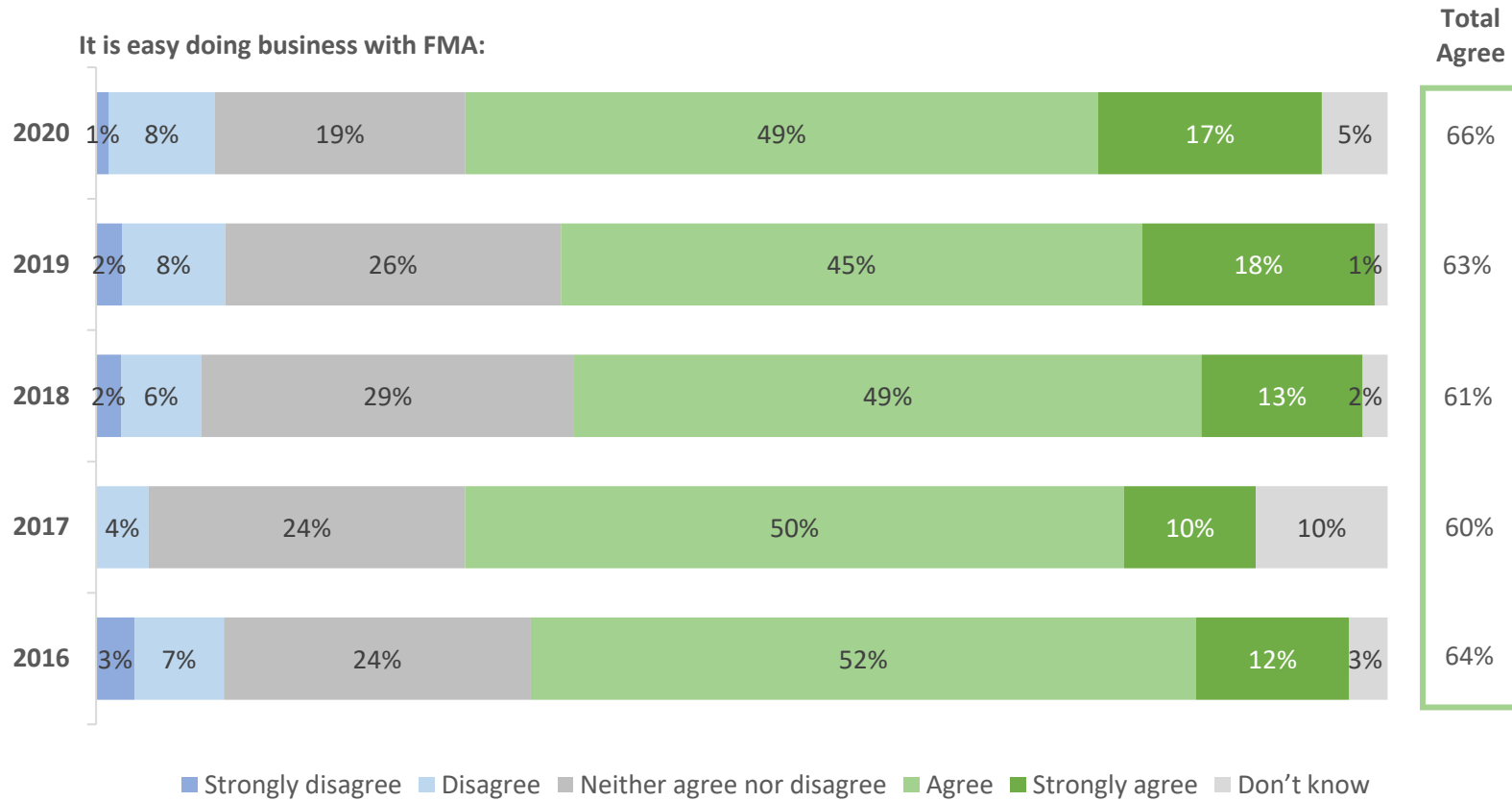
Showing % total agree



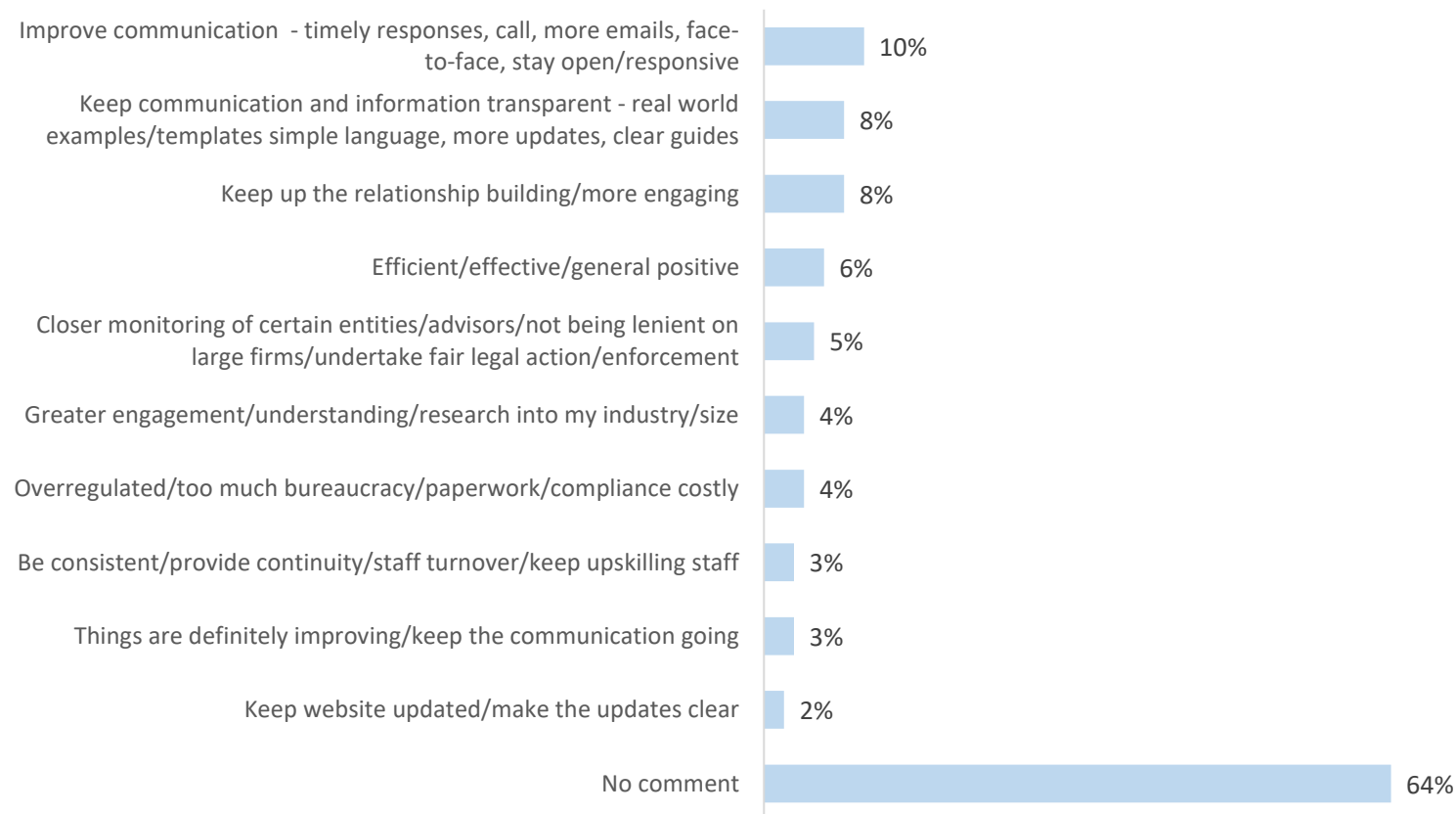
There has been a steady increase in stakeholder agreement that the regulatory burden is proportionate to the value of the broader impact on the financial markets and to the value the organisation receives from interactions with FMA. The result for 2020 is significantly higher than in 2017.

Ease of doing business with FMA

The proportion of stakeholders who agree it is easy doing business with the FMA has remained fairly steady since 2017.



Thoughts on improving the FMA's efficiency and/or effectiveness



*All other responses were less than 1%.

Around two thirds of stakeholders didn't share any thoughts on improving FMA's efficiency and/or effectiveness.

Among those who did make a suggestion the main topic is around improving communication. Example quotes are shown on the following page.

Example quotes – improving the FMA’s efficiency and/or effectiveness

“I appreciate there are capacity constraints but sometimes guidance takes a long while to come out, albeit very useful when it does come out.”

“Overall supportive of the ongoing relationship catch ups. Keen to ensure this remains two-way sharing. We would like signalling of things that may be directly relevant/focused for our business. A mix of formal and informal stakeholder management is best. Thank you for the opportunity to provide this feedback.”

“I often feel frustrated that staff seem to lack an understanding of what we do. I'm not sure that the FMA engages with the smaller market players as much as they should. I find the time it takes to get answers to questions can be frustratingly long. Sometimes you can get different messages depending on who you talk to. At times, I feel the FMA staff lack a sense of practicality and innovation. It's not all negative - in general, staff are friendly, the FMA's communications are very regular and there's usually something useful in them that's relevant to me.”

“Keep things simple. Only communicate actual changes but you can note on your website where we can make submissions if we wish. Help us by offering templates. Remember that we also have to work (provide advice) otherwise we could have the most compliant business but not have an income to support it staying open. Keep costs down and keep the channels open in case we wish to discuss something important. I think everything has become so complicated and the added complexity is not adding to improving client advice. It is creating an administration headache. Advise once, advise simply, offer templates, reduce unnecessary compliance and keep costs down.”

“The FMA is inefficient in that it does not have a clear regulatory mandate for most of the financial services market. I support the conduct and culture work, but it imposes a cost on our customers. Greater clarity of the FMA's mandate would increase efficiency.”

“If the FMA could illustrate legal, compliance, disclosure requirements in template examples that takes into account all these rules and requirements, [that] would be very useful.”

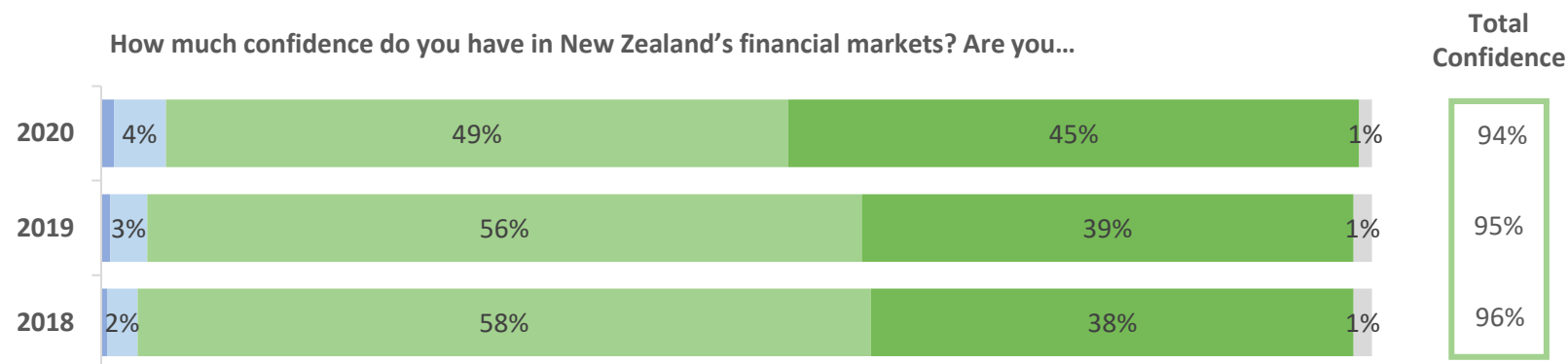
“I understand the important role played by FMA around customer protection in the banking sector. What is obvious however is the lack of desire by FMA to build a relationship with the QFEs who share the same goal of complete customer satisfaction and fairness. We are aligned and share the same ultimate goal around client care. Further improvement could be achieved by sharing desired 'frameworks' or sharing best practice as opposed to just saying "it's not our responsibility to tell you anything - it's your responsibility to go to our website and find the information,". This is not conducive to relationship building.”

Stakeholder confidence in financial markets and regulation

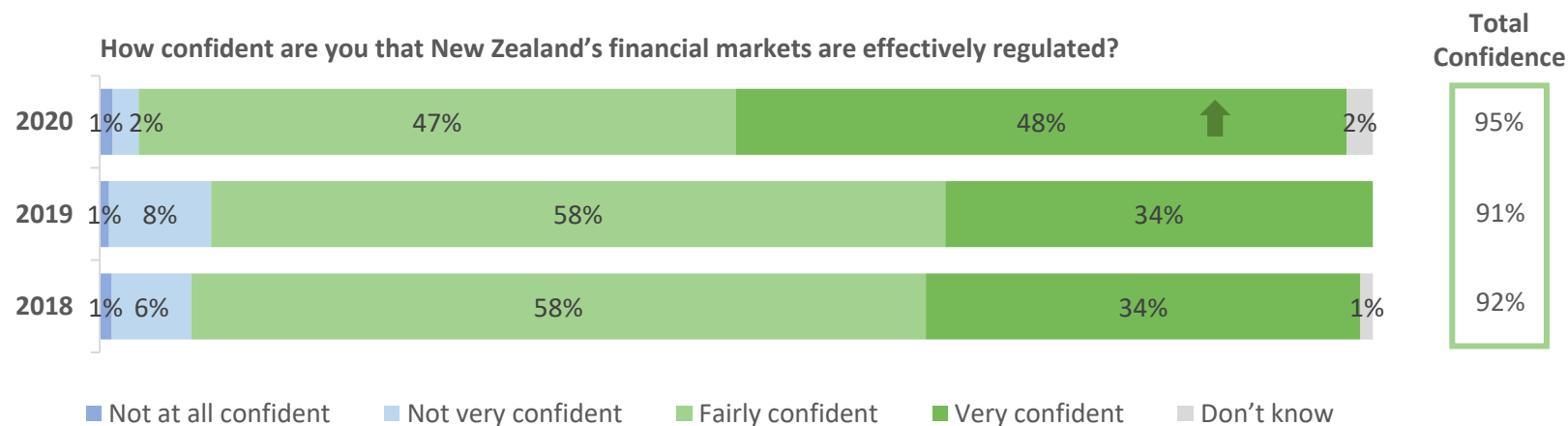
Almost all stakeholders surveyed indicated they are fairly or very confident in New Zealand's financial markets (94%) and that they are being effectively regulated (95%).

The proportion of stakeholders indicating they are 'very confident' that the financial markets are effectively regulated is significantly higher in 2020 (48% compared with 34% in 2019).

How much confidence do you have in New Zealand's financial markets? Are you...

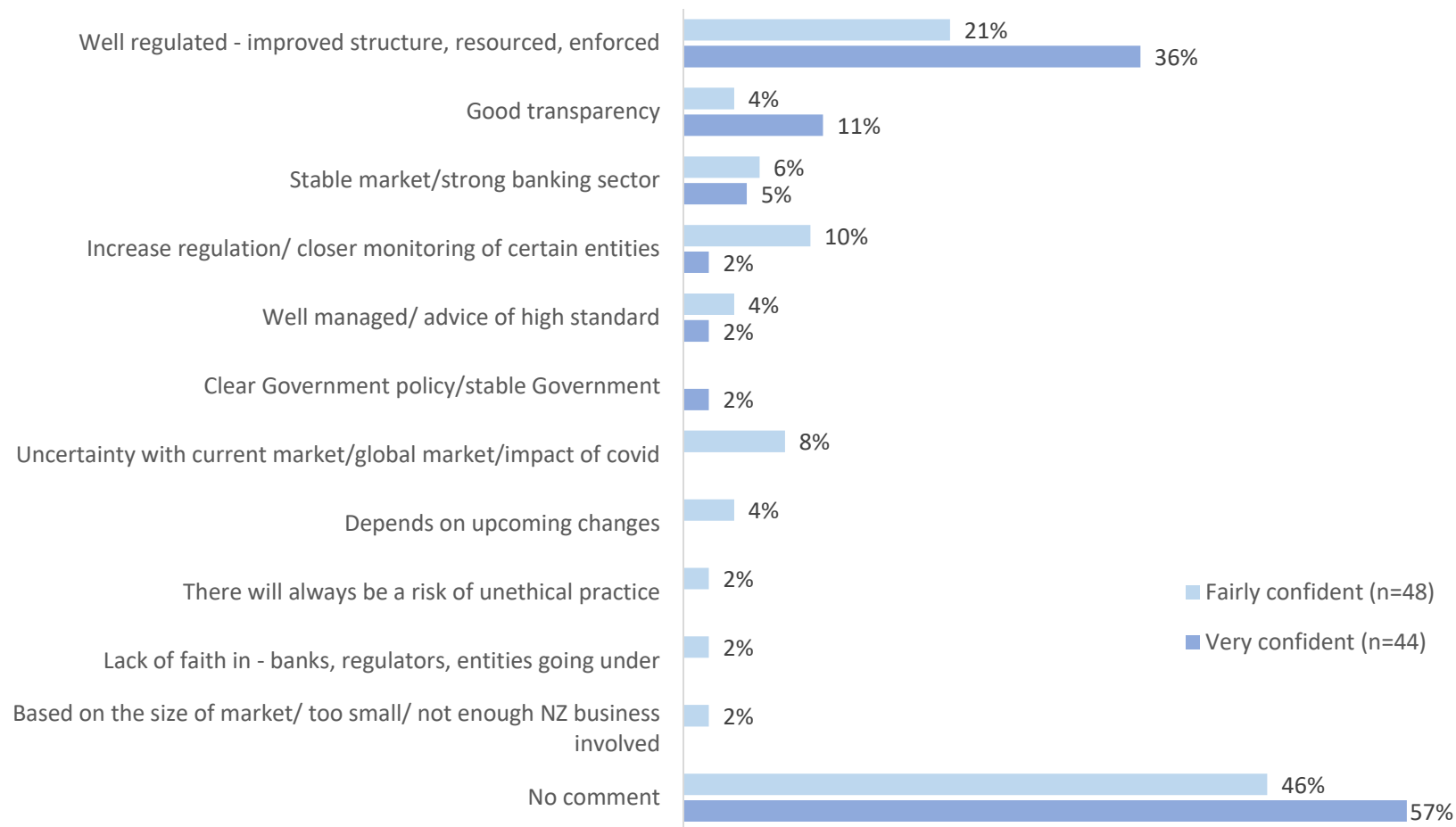


How confident are you that New Zealand's financial markets are effectively regulated?



■ Not at all confident ■ Not very confident ■ Fairly confident ■ Very confident ■ Don't know

Reasons for confidence in financial markets



*All other responses were less than 2%.

Similar to the last two years, the top reason stakeholders are confident in the financial markets is feeling they are well regulated. Next most mentioned as a reason for confidence in the markets is good transparency (11%).

The small number with low confidence (n=5) mentioned uncertainty with current market and impact of COVID-19, a lack of faith generally, and/or the NZ market being too small.

Example quotes are shown on the following page.

Example quotes – confidence in financial markets

“Good oversight/regulation. Little corruption. Stable economy and Govt.”

“NZ’s financial markets appear to be transparent and fair, and free of corruption. This is largely due to the impact of regulatory organisations such as the FMA.”

“There has been significant development of compliance with regulations in the last 10 years. This provides better protection to retail investors, which ultimately gives investors comfort and encouragement to invest.”

“Combination of effective prudential and conduct regulation, along with an outcomes-based approach that means the actual customer benefits and value to NZ that the industry must deliver are not lost sight of.”

“The FMA’s enhanced scrutiny on market participants and the taking of action against serious breaches or misconduct is slowly bringing about elements of trust and confidence in the market. It is good to observe that the mood and culture of some financial entities is changing by putting customers first ahead of profit.”

“I believe our markets are relatively robust because of minimal political interference and markets are allowed to reflect true value.”

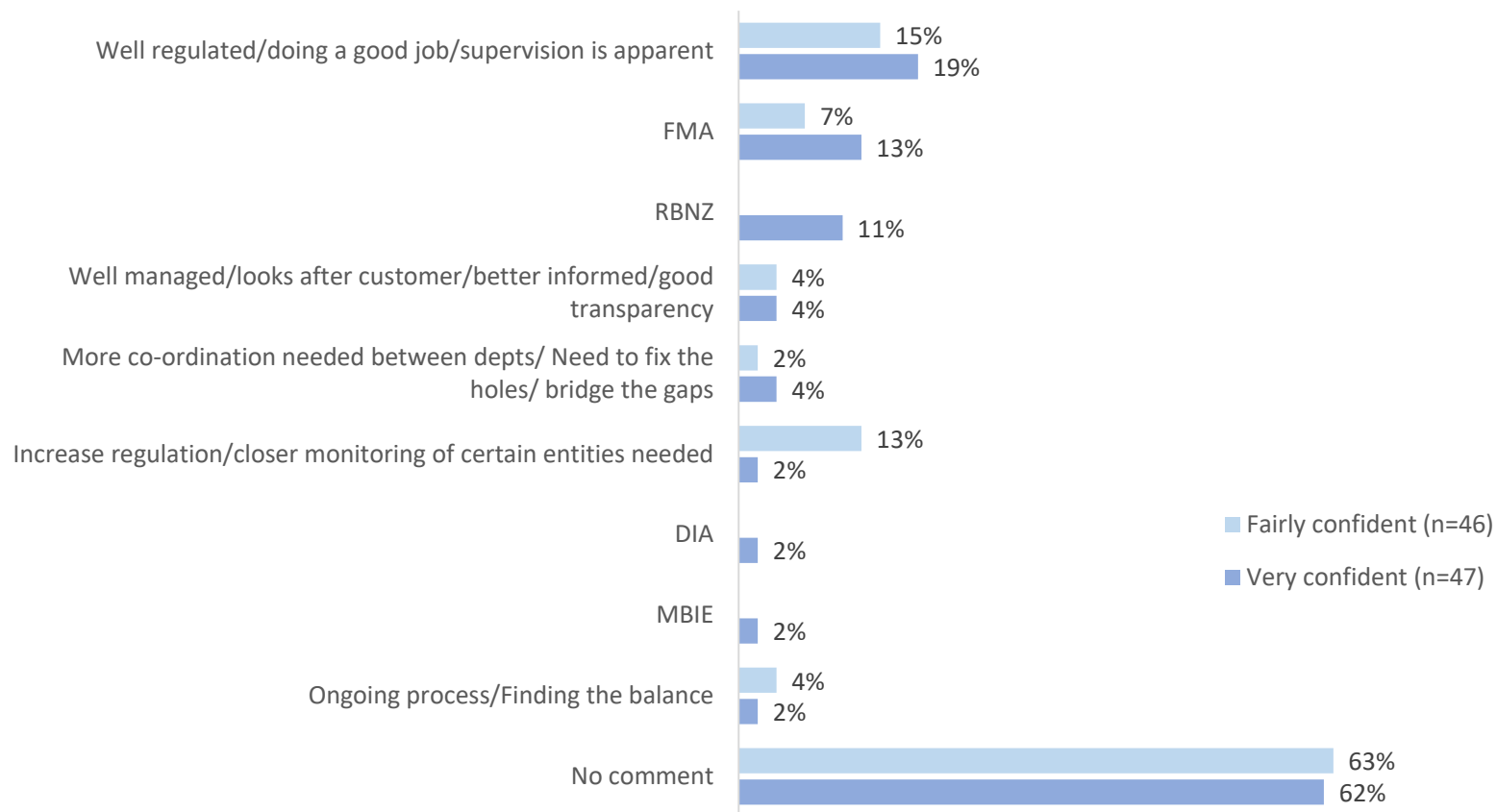
“I believe that the NZ financial markets are appropriately regulated and have the structure required to operate efficiently and provide both buy and sell side the services they require. NZ is relatively free from many of the constraining factors that exist in other international markets and our markets operate on a transparent and good value basis generally.”

“Well regulated and financially sound.”

“I think post COVID-19, given the uncertainty we have just experienced, the majority of financial markets have performed better than expected and the majority of NZ financial advisers have acted with integrity and professionally in their advice to the public and clients which I think has reinforced confidence in this sector.”

“We know the local market well, also it is quite transparent by some overseas standards.”

Reasons for confidence in regulation



*All other responses were less than 2%.

Reasons stakeholders gave for feeling confident in the financial markets being effectively regulated relate to the markets being well regulated. Some stakeholders mentioned FMA and/or RBNZ specifically as reasons for feeling confident in regulation.

Example quotes are shown on the following page.

Example quotes – confidence in regulation

“The regulations are now much more stringent, and the regulator has a good presence.”

“The parts of the market that are regulated by the FMA are regulated effectively. Better co-ordination with the RBNZ would improve the effectiveness of regulation.”

“There is a challenge in maintaining the balance between having simple/low impact regulatory requirements (including for new listings) to encourage market participation / listings, but also maintaining standards to protect all parties; I feel FMA manage their part of this well.”

“Enforcement is visible so I know the markets are being regulated as they should.”

“The regulations put in place have had a marked effect already and the new regulations look like they will take it a step further. What is pleasing is the FMA's awareness that regulation must not be a burden to the financial markets.”

“Regulators are better focused on the key issues and regulatory changes have been made to appropriately address consumer concerns.”

“Confident that there is sufficient regulatory presence, however, further refinement of scope to avoid unnecessary regulatory burden could be explored between the FMA, Reserve Bank and the Commerce Commission.”

“Well regulated, and investors are becoming better informed overall.”

“We have learnt from the finance company debacle. Regulation seems appropriate to our environment.”

“Both the conduct and prudential regulators are performing their role as appropriate.”

Appendix – Stakeholder roles



Stakeholder roles

